ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W. F. A. TURGEON
Commissioner

A. S. Whiteley, Secretary

Minutes

VOL. XI.

49th, 50th, 51st, 52nd & 53rd days

Mr. McRUER.

ROBERT BRYDIE
OFFICIAL REPORTER
TORONTO
CANADA

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

FORTY-NINTH DAY

(June 13th, 1936)

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.F. Lanctot, K.C. and R. L. Kellock, K.C.	For Special Committee of Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cottons Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

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Montreal, Quebec
June 13th, 1936

--Commission resumed at 10.00 a.m.

THOMAS F. McMAHON, recalled

EXAMINED BY MR. McRUER:

Q. Now, I was asking you last night about what your organization had been able to do in regard to bringing about better working conditions in the localities where the organization was strong and effective and you had told me that in localities where the organization was not strong the health of the employees was not as good and they were not able to work the same length of time - that is, the same span of life in the industry - that was correct, was it not? A. Yes sir.

Q. What I would like to get is something a little bit more specific - what it was that the organization was able to do to produce that effect, by comparing the conditions under which the one set of workers worked as compared with the other? A. The purpose of the organization, first--

Q. Now, I do not want the purpose. Just try and get me what I want and that is what you did, where your organization was strong, what you did to produce a better living condition than where your organization was not strong? A. Where our organization isstrong the wages is higher.

Q. That is one thing? A. The purchase

--Commission recessed at 10:10 a.m.

[illegible]

[illegible]

Q. Mr. [illegible], I was sorry you left night before last [illegible] your organization had been able to do in regard to bringing about better working conditions in the hospitals where the organization was strong and effective. If you had told me that in hospitals where the organization was not strong the conditions of the employees was not as good and they were not able to work to same length of time - that is, the same hours of life in the industry - that was correct, was it not?

A. Yes sir.

Q. What I would like to get is somewhere a little bit more specific - what is was that the organization was able to do to produce that effect, by comparing the conditions under which the one set of nurses worked as compared with the other? A. The purpose of the organization, first--

Q. Now, I do not want the purpose. Just say and get me what I want and that is what you did. When your organization was strong, were you able to bring a better living condition than where your organization was not strong? A. Being

our organization restored the wrong he had done her.

Q. That is one thing: A. The purpose

of the necessities of life is naturally better than in localities where there is no organization.

Q. That is, that the employees who had a better wage were able to get those necessities of life that contributed to their health more ostensibly than where the wage was low. Now, I can understand that. Now, is there anything else in connection with the conditions of labour that you were able to press for and accomplish? A. The enforcement of the laws of the different states.

Q. Now, what sort of laws have you reference to? A. The sanitary laws, the hours of labour laws, the keeping watch through local organizations of accidents in mills, reporting same and taking advantage of the laws on the statute books of the various States.

Q. Well, what sort of sanitary laws have you reference to? A. Sanitary laws to take care of toilets which we found at one time in various states were dangerous to health because of the odour that went through departments.

Q. And are there laws in the various States of the Union where the textile industry is carried on in respect to this matter? A. In most States, yes sir.

THE COMMISSIONER: You might name some.

MR. MC RUER: Q. Could you name some of them that have those laws? A. Massachusetts,

[illegible]

Q. In U.S., what the employees do had a bet
were we talk in not those necessities or life bu
contribute to their health more obviously than
where the wage can low. Now, I can understand that
Now, is there anything else in connection with the
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Q. Now, that said, I have now your last issue
to? Q. The sanitary laws, the norm
of labour laws, the keeping watch through local
inspections of accidents in mills, reporting same
and taking advantage of the laws on the statute book
of the various States.

Q. Well, what sort of sanitary laws have you
referred to? A. Sanitary laws to take
care of toilets which we found at one time in
various States were dangerous to health because of
the odour that went through department.

Q. And are there laws in the various States of
the Union where the textile industry is carried on
in regard to this matter? A. In most
States, yes sir.

[illegible]

[illegible]

Rhode Island, and New York in the north.

Q. How about the south? A. North Carolina, Georgia and now to quite a large extent, Alabama.

Q. You say, "now to quite a large extent, Alabama" - is that some recent development in Alabama? A. Yes sir.

Q. And when were these laws respecting sanitation in factories passed in Alabama? A. Within the last five years the enforcement first of regulatory laws prhibiting child labour has only taken place in Alabama. Those laws naturally brought about better conditions inside the mill by keeping the children out. The purpose that we have in mind is to preserve health and continuity of life in so far as the sanitary laws are concerned.

Q. Now, has your organization had anything to do with bringing about these new laws now in Alabama? A. Yes sir.

Q. What have you had to do with them?

A. Through our legislative department of organizations with whom we are afiliated in the American Federation of Labour, known as Central Labour Bodies, state branches, we have in each state legislative departments of the state federations, whose purpose is to look after legislation and in all cases, and primarily in the seventeen particular textile states, these legislative committees present to the

Rhode Island, and New York in the north.

Q. [illegible] South Carolina, Georgia and now to quite a large extent, Alabama.

Q. You say, "now to quite a large extent, Alabama" - is that some recent development in Alabama? A. Yes sir.

Q. And when were these laws respecting sanitation in factories passed in Alabama? A. Within the last five years the enforcement first of regulatory laws prohibiting child labour has only been done in Alabama. These laws not only brought about better conditions inside the mill by keeping the children out. The purpose that we have in mind is to preserve health and continuity of life in so far as the sanitary laws are concerned.

Q. Now, has your organization had anything to do with bringing about the new laws now in Alabama?

A. Yes sir.

Q. What have you had to do with them?

A. Through our legislative department of organisation of labour, known as central labour bodies, state branches, we have in each state legislative departments of the state federations, whose purpose is to look after legislation and in all cases, and primarily in the southern particular textile states, these legislative committees present to the

legislature each year or two years when they meet certain requisitions, resolutions and final demands upon the legislature for the enactment of laws that will protect labour.

Q. And I suppose the stronger your organization is the more pressure you can bring to bear in that regard? A. Yes sir.

Q. Now, if your organization was strong in each locality where the textile industry is carried on, would it tend to create a uniformity of working conditions in all the textile industry? A. Yes sir, that is what we are striving for.

Q. You are striving for a uniformity of working conditions? A. Yes.

Q. So that the manufacturer who has a good standard and pays well, maintains desirable conditions for his workmen, will not be handicapped by having to compete with the manufacturer who pays low wages and manufactures under undesirable conditions?

A. Not so far as we are concerned.

Q. I say, you strive to prevent that? A. Yes.

THE COMMISSIONER: Before you pass on, while you are on the question of health, I would like to see if you could get information from the witness about conditions of heat and moisture in certain departments.

MR. McKEN: Now, the cotton industry is one where the work must be carried on under certain

legislature every year or two years when they meet [illegible] upon the legislature for the enactment of laws that will protect labor.

Q. And I assume the employer your organization is the more pressure you can bring to bear in that respect? A. Yes sir.

Q. Now, if your organization are strong in any locality where the textile industry is carried on, would it tend to create a uniformity of working conditions in all the textile industry? A. Yes sir, that is what we are striving for.

Q. You are striving for a uniformity of working conditions? A. Yes.

Q. So that the manufacturer who has a good standard and pays well, maintains decent conditions for his workmen, will not be handicapped by having compete with the manufacturer who pays low wages or [illegible]

A. Not so far as we are concerned.

Q. I say, you strive to prevent that? A. [illegible]

THE COMMISSIONER: Before you leave on, while you are on the question of health, I would like to know if you could get information from the workmen about conditions of meat and moisture in certain [illegible]

Mr. McGirr: Now, the cotton industry is one where the work must be carried on under certain

conditions of humidity and heat as well? A. Correct.

Q. So that you must have the two factors - warm air and moist air? A. Correct.

Q. Now, do the conditions vary in various mills in respect to humidity and heat? A. Yes. While I am not an expert, my investigation over the years with my colleagues brings to our attention quite forcibly that the weather conditions, the natural humidity prevailing outside has a tendency, if not watched on the inside of the mill by proper regulatory methods, to create breakages which creates stoppages of work, the ends, the yarn, where in the spinning room or in parts of the card rooms and primarily in the weave shed, is subject to these various changes.

Q. So that in respect to the physical aspects of the processes the employee may find it more difficult to carry on on account of changes in the humidity and the heat as it affects the yarn? A. Yes.

Q. I want to know as to how it affects the employee physically? A. Many manufacturers have, through late devices, taken care of to a large extent the difficulties that formerly existed in the various departments.

Q. How have they done that? A. By placing in the various departments the machinery necessary to take care of it.

Q. That is, automatic controls of humidity and heat? A. Yes.

conditions of humidity and heat as well? A. Correct.

Q. So that you must have the two factors - warm air and moist air? A. Correct.

Q. Now, do the conditions vary in various cities in respect to humidity and heat? A. Yes.

While I am not an expert, my investigation over the years with my colleagues brings to our attention quite forcibly that the weather conditions, the natural humidity prevailing outside has a tendency, if not watched on the inside of the air by proper conditory methods, to create dangers which arrestee stoppages of work, the sweat, the burn, where is the spinning room or in parts of the weed rooms and primarily in the weave shed, is subject to these varied dangers.

Q. So that in respect to the physical aspects of the processes the employee may find it more difficult to carry on an account of changes in the humidity and the heat as it affects the yarn? A. Yes.

Q. I want to know as to how it affects the employee physically? A. Among Southerners, have, through late devices, taken care of to a large extent the difficulties that formerly existed in the various loom sheds.

Q. How are they done that? A. By placing in the various departments the necessary humidity to keep down the heat.

Q. That is, automatic controls of humidity and heat? A. Yes.

Q. I suppose when it is hot outside, though, it is hard to control the heat factor? A. It is.

Q. Have they done that at all? A. They have tried to. The greatest number of our manufacturers try to be fair. Our experience has taught us that 80% of our manufacturers desire to do the right thing.

Q. In regard to these healthful conditions? A. Practically all things, and are handicapped more or less by the chiselers, which are in the minority and approximate 20%, and those are difficulties existing among the manufacturers themselves which has a tendency to retard progress inside of the mill by placing in the factories the various accoutrements necessary to bring about as much comfort as possible for the production of fabric.

Q. Who unless a manufacturer belongs to that class that you put in as chiselers, your organization would be working in his interests? A. We are trying to most of the time although we differ considerable. The purpose is stabilization.

Q. But if the 80% are trying to maintain the healthful conditions, trying to pay the reasonable rates of wages, that objective and yours are the same? A. Yes.

Q. And your organizations is struggling to bring the 20% into line with the 80%? A. Correct.

Q. So that so far as the 80% is concerned there

Q. I presume that it is not possible, anyone
is in need to control the meat market. A. It is.
Q. Have they been used at all? A. They
have tried to. The greatest number of our meat-
factories try to be fair. Our experience has
taught us that 80 of our manufacturers desire to
be fair.

Q. In regard to these bad trial conditions.
A. Practically all things, and are brought more
or less by the children, which are in the minority
and approximate 10%, and there are difficulties
existing among the manufacturers themselves which
are considered by without proper labels or 10%
will by leaving in the factories the various countries
many necessary to bring about as much comfort as
to life for the production of meat.

Q. Be unless a manufacturer failures to let
place that part is in an interest, your recommendation
would be coming in his interest. A. We are
trying to most of the time although we differ con-
siderably. [illegible]

Q. And it has been brought [illegible] a
hospital condition, which is not [illegible]
[illegible] of meat, that objection and [illegible] in the
[illegible]

Q. And your opinion is always in [illegible]
[illegible] the 80% into line as the 20%? A. Correct.

Q. So that so far as the 80% is concerned there

should be no marked conflict between your objective and theirs? A. Correct.

Q. Well now, I want to exhaust this question as far as heat and moisture is concerned. You say that in most cases in the United States the manufacturers have sought to control that in a satisfactory way by automatic and regulatory methods of control? A. Yes, I believe so.

Q. You have no complaint to make in that respect in regard to most of the manufacturers in the United States? A. Not in so far as those fair manufacturers that I include in approximately 80%.

Q. Well, in respect to the others, what are the conditions that are undesirable in respect to heat and moisture? A. The fact that they lack in some of our mills in some of the states of New England and some of the states of the south producing textiles the latest device in humidity apparatus tends and does to a great extent affect the health of the workers. It is impossible with the natural heat outside of 85 degrees, the southern states particularly ranging over six or seven months in the year, to enter a weave shed where humidity regulators are not necessary. There is a dampness prevailing and that dampness affects workers who have not secured proper nourishment and who are not in possession of sufficient funds to secure proper

should be no marked conflict between your objective and theirs. A. I agree.

Q. Well now, I want to examine this question as far as heat and moisture is concerned. You say that in most cases in the United States the manufacturers are content to control that in a satisfactory way by automatic and regulatory methods of control. A. Yes, I believe so.

Q. You have no complaint to make in that respect in regard to most of the manufacturers in the United States. A. Not in so far as those fair manufacturers that I include in approximately 90%.

Q. Well, in regard to the others, what are the conditions that are unbearable in regard to heat and moisture? A. The fact that they look in some of our mills in some of the states of New England and some of the states of the south producing textiles the latest device in humidity apparatus tends and does to a great extent effect the health of the workers. It is impossible with the natural heat outside of 85 degrees, the southern states particularly reaching over six or seven months in the year, to enter a weave shed where humidity regulators are not necessary. There is a dampness prevailing and that dampness affects workers who have not secured proper nourishment and who are not in possession of sufficient funds to secure proper

nourishment to counter those affects that naturally and necessarily that day after day comes about, it has an effect upon their system, as it would on ours, if placed under those working conditions.

Q. Well, have you been able to do anything to correct this in the past few years in those mills where there was reason to complain? A. Yes, through arousal of public opinion and pressure being brought to bear upon the chiselers by the fair employers and in no other way other than resorting to tactics that neither the employers nor ourselves desire.

Q. Then have you co-operated with the fair employers in order to ameliorate this condition with the unfair? A. Whenever they give us an opportunity.

Q. And you are always willing to do that? A. Yes.

Q. Could you tell us this: are you aware of any studies that have been made in the United States in regard to the working conditions of the employees by any organized bodies? A. Oh, yes, there are in various states.

Q. Just tell me about any. I want to know of any that we could get any reports from that might be available. I want to take advantage of your knowledge of what has been going on in that respect so that we might avail ourselves of any official

it has an effect upon their system, as it would on

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Q. Could you tell us this: are you aware of any studies that have been made in the United States in regard to the working conditions of the employees by any organized bodies? A. Oh, yes, there are in various states.

Q. Just tell me about any. I want to know of any that we could get any reports from that might be available. I want to take advantage of your knowledge of what has been going on in that respect so that we might avail ourselves of any official

reports that there are? A. I think that the best place to go is to the Federal Labour Department which, in recent years, has increased surveys in various states relevant to hygiene and have compiled statistics of which I am not familiar other than in a general way.

Q. You know that has been done? A. Yes sir.

Q. Now, are you aware of whether there has been any particular studies made in regard to tuberculosis among the employees of the textile industry?

A. Oh, yes, in my own state of Rhode Island we were handicapped many years ago by the white plague, as we called it, and our state governor investigated quite thoroughly the conditions surrounding it that brought the conditions that were responsible, as we felt, in making complaints that brought about this scourge, with the results that we have lowered by quite a large percentage death by tuberculosis.

Q. You are speaking of your state of Rhode Island. Was that an investigation that was carried on in regard to the textile industry in particular or a general investigation into the matter of tuberculosis? A. Tuberculosis prevailed to a larger extent among the textile employees than it did among any other group and because of that the investigation was made primarily with that point in view and while it covered some of the

that has been going on in the Federal Labour Department of Ottawa, in recent years, has increased surveys in various states relevant to hygiene and have compiled statistics of which I am not familiar other than in a general way.

Q. Are there that are been found?

A. Yes, sir.

Q. Now, are you aware of whether there has been any particular study made in regard to tuberculosis among the employees of the textile industry?

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Q. You are speaking of your state of Rhode Island. Was that an investigation that was carried on in regard to the textile industry in particular?

A. A general investigation into the matter of tuberculosis?

Q. Tuberculosis

A. Tuberculosis prevailed to a larger extent among the textile employees than it did among any other group and because of that the investigation was made primarily with that point in view and while it covered some of the

other divisions of industry, such as in the metal trades, where we have large factories in jewelry production and in machine production, my memory tells me just now that we found the greater number of workers affected in our state were in the textile mills and we have brought about by that investigation, I am pleased to say, quite an improved condition.

Q. What were the improvements that took place that reduced the number of cases of tuberculosis?

A. The enforcement of the sanitary laws primarily.

THE COMMISSIONER: Is there a report we might have?

MR. McRUER: Q. Is there a report on that subject matter? A. I would not say yes, but I am inclined to say yes.

Q. How long ago is it since the investigation took place? A. I would say that that investigation was 25 years ago, and I think it was under Labour Commissioner Webb. I think it was colonel Webb was the then Commissioner of Labour and Ellery Hodgson was the factory inspector. Both are now dead.

Q. Now, what regulations are there, if any, in any of the states in respect to a doctor being in attendance or available at the mill? A. Most of our large mill corporations have within their own unit these various appliances with doctors, in some cases stationed within or within an easy reach of operatives. We have not to my knowledge

other industrial accidents, such as in the metal trades, where we have large factories in jewelry production and in machine production, my memory tells me just now that we found the greater number of workers affected in our state were in the textile mills and we have brought about by that investigation, I am pleased to say, quite an improved condition.

Q. Not were there any occasions that took place that required the services of surgeons?

A. The employment of the man may lose primarily.

Q. Q. Q. Q. Q. Q. Q. Is there a report we might have?

A. Q. Q. Q. Q. Q. Q. Is there a report on that subject matter?

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Q. Now, what regulations are there, I ask, in any of the states in respect to a doctor being in attendance or available at the mills?

A. Most of our large mill corporations have within their own mill have various appliances with doctors, in some cases stationed within or within an easy reach of mills, yes. We have not to my knowledge

in any state any doctors whose sole job is to look after the various divisions of industry. The employers do it and I want to say, so far as my observation goes, do it very well.

Q. Now, what medical aid is it usual for the employers to give to the employees. A. They have the nurse with the first aid appliances and when the condition of those who met with an accident or other things, is serious, they are in quick touch with the hospital and the patient is immediately sent to the hospital.

Q. Does the doctor give any family treatment to the employees or any treatments when the employee is ill or not on duty? A. The doctors of some corporations do attend the family at home.

Q. Is the patient charged a fee for that or are the employees assessed for that service? A. Oh, no, because of the compensation laws and because of the regulatory laws covering insurance of all kinds, it is better for the employer to quickly take advantage of those opportunities so that claims of a long term distance may be avoided.

Q. A sort of preventative service? A. Yes.

Q. Now, are there workmen's compensation laws in those textile states or are the employees protected by private policies of insurance? A. We have workmen's compensation laws in every state of the Union but two, the state of Florida and the state of South Carolina. South Carolina under Governor

in any state any doctors whose sole job is to look after the own divisions o industry. The employers do it and I want to say, so far as my observation goes, do it very well.

Q. Now, medical aid is it usual for employers t give to the employees. A. They ha e the nurse with the first aid appliances and minor condition or those who met with an accident or other things, in serious, they are in such touch with the hospital and the patient is immediately sent to the hospital.

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Q. Is the patient charged a fee for that or are the employees assessed for that service? A. No, no, because of the compensation law and because of the regulations covering the issue of all kinds, it is better for the employer to quickly see advantage of those opportunities so that claims of a long term disease may be avoided.

Q. A sort of preventative service? A. Yes.

Q. Now, are there workmen's compensation laws in those textile states or are the employees protected by private policies of insurance? A. Are workmen's compensation laws in every state of the union but two, the state of Florida and the state of Texas [illegible]

Johnson at the present time is urging the adoption of a compensation law and it may be it has been passed while I have been away from there.

Q. I suppose there is a certain measure of uniformity to the compensation laws? A. Yes.

Q. Do they provide for compensation both in case of sickness and accident? A. If the sickness is brought about by accident but not if it is a natural - if you take sick outside of the factory or even though you take sick inside a factory, we do not expect the employer and in rare instances do they. I do not know of any in fact personally that I could mention.

Q. I suppose it is a matter of whether the sickness arises out of his employment?

A. Correct.

Q. That is to say, governing factors? A. We are investigating now what do you call it - occupational diseases caused by dust in other than a textile mill and we feel that the application of this law should reach inside some of our textile mills, particularly to wool sorters where anthrax is a disease that is liable, although the cases are rare, I understand.

THE COMMISSIONER: The witness said something about wool dust - there is the condition of the cotton dust, you remember.

MR. McRUER: Q. Is there any disease that you know

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25 [illegible]

[illegible]

30 [illegible] Is there any disease that you know

of that is attributable to the dust in the cotton mill? A. Well, that what I have been referring to, improvements, inventions that have taken care of a lot of dust that invades the air of a minute size, that naturally affects when sweating the workers physical set-up, and to a great degree we are overcoming that.

Q. That is being overcome in the United States mills now? A. Yes.

THE COMMISSIONER: How is that?

MR. McRUER: Q. In what way? A. By the employer in his own interest as well as in the interest of humanity placing in his plant all machine inventions that science can develop or science can help.

Q. That is, that there are machines or scientific methods of counteracting this dust? A. To keep the air in circulation is one great tendency to avoid, in my opinion and what I have read, the feeling that you have under pressure of an intense heat brought about by the action of the employers and the necessity for such action, of keeping the room in such a condition that the operations will continue successfully.

THE COMMISSIONER: Q. That does not meet the case, though? A. The only thing, your Lordship--

of that is attributable to the dust in the cotton

GIRIY A. Well, that must have been referring to, inventions, inventions that have taken place a lot of that that increase the rate of a minute place, that actually like a man sweating the workers physical get-up, and to a great degree we are overcoming that.

Q. That is today, reasons in the United States

Allen Gary A. Yes.

The Commissioner: Go on Mr. Gary.

Mr. Gary: Q. In what way A. By the employer in his own interest is not as in the interest in humanity placing in his plant all machine inventions that science can develop or science can help.

Q. That is, that there are machines or scientific methods of counteracting this dust? A. To keep the air in circulation is one great technology to avoid, in my opinion and what I have read, the feeling that you have under pressure at an increase heat brought about by the action of the employers and the necessity for such action, of keeping the room in such a condition that the operations will continue successfully.

The Commissioner: Q. That does not meet the case, Mr. Gary? A. In the Ally Mine.

Your Lordship—

Q. I am talking of the floating particles of cotton dust in some of the departments of a cotton factory - you have the heat and you have the excessive moisture and you also have these floating particles of cotton probably breathed in. Is there any way that you know of of remedying that?

A. Well, most mills, sir, has got - I forget just the name now - the fans that draw out and air that is taken in by another method, to try to keep those things in circulation.

Q. Well, the trouble is they are in circulation. The thing would be to get them out of circulation?

A. Yes, those things are in circulation but I believe so far as employers are concerned they are doing everything within their power to avoid that which is detrimental to themselves from the physical standpoint of their own workers in the matter of production.

MR. McRUER: Q. Now, have the employers in the United States mills adopted modern air conditioning in respect to the mills? A. In so far as I know, yes, in most mills - that is, with 80%.

Q. Most mills have modern air conditioning methods? A. Yes, sir.

Q. And does that go this length - that in the hot weather the air will be reduced to a normal temperature, a normal working temperature that is necessary for the industry? A. Well, in so far as it is possible to secure that normalcy, yes.

Q. Do Mills Operating
or cotton lint in some of the departments of a cotton
factory - you have the dust and you have the ex-
ensive motions and you also have lint. Leaving
a studies of cotton probably - setting in. Is there
any way that you can - of a preventing that?

A. Well, most mills, sir, use dust - I forgot that
the name for - the fans that draw out and are used
is known in by another method, to try to keep those
fibres in circulation.

Q. Well, the trouble is they are in circulation.
The hard part is to get them out of circulation.

A. Yes, I see where are in circulation but I believe
so far as employers are concerned they are doing
everything within their power to avoid that which is
detrimental to themselves from the physical stand-
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MR. MONK K.: Q. Now, have the employers in the
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Q. Most mills have modern air conditioning
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Q. And does that go this length - that in the
hot weather the air will be reduced to a normal
temperature, a normal working temperature that is
necessary for the industry? A. Well,
in so far as it is possible to secure that normally, yes

Q. There is no doubt about it being possible because on the railway trains through the southern states you can travel as many degrees lower temperature than you can travel outside in a motor car?

A. Well, yes.

Q. There is no qestion about it being possible to reduce the temperature. We have it now become pretty general in use on railway trains.

THE COMMISSIONER: Yes, but the trouble is this temperature we are told is required.

MR. McRUER: Q. I mean to bring it down to the minimum temperature to which they could be operated. Do you know if that has been done? A. No. All I can say to that - and I frankly say I am not in a position to give any opinion on such things as that - to the best of my knowledge most of our employers - naturally I hold no brief for them - they do the best they can to promote health.

Q. You see, we have evidence here before the Commission about employees working, I think it was when the temperature was 100 inside the mill down at Sherbrooke, and I think they said for one day or so they had to close up the mill, and I wondered if in the United States, particularly in the south where the temperature must be at a hundred very frequently outside and over a hundred, whether they are able to reduce the temperature inside the mill to what would be required normally to produce the bottom? A. No sir.

Bowman

Q. There is no doubt about it being possible because of the natural burning in the southern states you can travel as many degrees lower temperature than you can travel outside in a motor car.

A. Well, yes.

Q. There is no question about it being remarkable to you on the temperature. We have it now because of very general it was an unlikely thing.

Mr. Donald Ross: Yes, but the change in the temperature we are told is remarkable.

Mr. McGuire: I am so being it down to the minimum temperature to which they could be operated.

Do you know if that has been done? A. No. All I can say to that - and I frankly say I am not in a position to give any opinion on such things as that - to the best of my knowledge most of the employees - naturally I hold no brief for them - may do the best they can to promote health.

Q. You see, we have evidence here before the Commission about employees working, I think it was when the temperature was 100 inside the mill room at Sherbrooke, and I think they said for one day so they had to leave the mill. And I wondered if in the United States, particularly in the south where the temperature must be at a hundred very frequently outside and over a hundred, whether they are able to reduce the temperature inside the mill to what would be required normally to produce the cotton? A. No sir.

Q. They do not? A. We have had many mills in the north, in our own New England States, that last year were compelled to close up entirely because of the intense heat. It was beyond their control.

(Page 6802 follows)

Q. Now, I want to go back for a moment to a question I was dealing with, in respect to the effect of organization on the Industry; and I was asking you, as to whether it would not have a beneficial effect on the employers to have the industry uniformly organized so that what you term the chiseler would be curbed, and you told me that it would and you are dealing with the United States. Now, I want to deal with the subject matter in a little broader way, and deal with it internationally. What do you say, as to whether it would or would not have a beneficial effect on employers generally if labour was organized internationally, so that the international chiseler might be curbed? A. It is our opinion and mine, of course, that until such conditions are brought about in the Textile Industry, chaos and disorder will abound.

BY THE COMMISSIONER: Q. What is that you say? A. Chaos and disorder will abound.

Q. Until what? A. Until the Employers and the Employees can see through the same glasses the necessity of coordinated effort and cooperation, then chaos and disorder will abound.

Q. And do chaos and disorder abound now? A. Naturally, yes.

Q. Q. In the United States? A. Yes, my lord.

Q. I thought you had done a great deal to make things better? A. We have done a great deal to make things better from our point of view, in securing a greater

Q. Well, I want to go back for a moment to a [illegible] we were dealing with, in respect to the effe[illegible] of organization on the industry; and I was asking yo[illegible] as to whether it would not have a beneficial effect [illegible] on the employees to have the industry uniformly organized so that what you term the outsider would b[illegible] sorted, can you tell us that it would and you are de[illegible] in with the United States. Now, I want to send [illegible] the subject matter in a little broader way, and deal [illegible] it internationally. What do you say, as to whe[illegible] it would or would not have a beneficial effect on [illegible] particularly if labor was organized inter-nationally, so that the international outsider might be curbed? A. It is our opinion and also, of course, that until such conditions are brought abo[illegible] in the Textile industry, chaos and disorder will abou[illegible]

By THE COMMISSIONER: Q. What is that you say? A. Chaos and disorder will abound.

Q. Until when? A. Until the employers and the employees can see through the same glasses the necessity of coordinated effort and cooperation, then chaos and disorder will cease.

Q. And do chaos and disorder abound now? A. Naturally, yes.

Q. In the United States? A. Yes, my lord.

Q. I thought you had been a great deal in Europe lat[illegible] [illegible]? A. [illegible] a great deal in this [illegible] matter from the point of view, in securing a greater

purchasing power for those who are members of our organization; and particularly those who are organized in comparison to the number unorganized.

BY DR. McRUER: Q. Have you taken any part in the international labour conferences that have taken place at Geneva? A. No.

Q. Do the United States representatives of Labour go there? A. We have a representative there now through our organization, one of the Department, the Full Fashioned Hosiery Department is represented in Geneva. I was invited by the Trade Unionist, Tom Shaw and his friends in the International Textile to go to Geneva, but I had not the time.

Q. There is an International Textile organization? A. Yes, sir.

Q. And where is the headquarters of that? A. I believe in Amsterdam.

Q. In Amsterdam? A. Yes.

Q. And who is at the head of it? A. Tom Shaw.

Q. Is he an Englishman? A. An Englishman, yes, from Lancashire. He is a practical textile worker who has, through his own energy, secured the command of four or five languages.

Q. Well now, I want to get your view on this: We have had the complaint from time to time in Canada, one province against the other - it isn't new - that the employer in one particular part of the country who wants to pay high wages - and where he is paying high wages - is handicapped because he has to compete

bargaining power for those who are members of our organization; and particularly those who are organized in comparison to the number unorganized.

BY MR. MORGAN: Q. Have you taken any part in the International Labour Conferences that have taken place at Geneva? A. No.

Q. Do the United States representatives of Labour go there? A. We have a representative there now through our organization, one of the Department, the Full Fashioned Hosiery Department is represented in Geneva. I was invited by the Trade Unionist, Tom Shaw and his friends in the International to file to go to Geneva, but I had not the time.

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Q. And who is at the head of it? A. Tom Shaw.

Q. Is he an Englishman? A. An Englishman.

[illegible] Q. He is a practical textile worker who has, through his own energy, secured the command of four or five languages.

Q. Well now, I want to get your view on this: We have had the complaint from time to time in Canada, one province against the other - it hasn't been - that the employer in one particular part of the country who wants to pay high wages - and where he is paying high wages - is handicapped because he is in competition

with an employer in another part of the country who pays low wages and canx obtain people to work at low wages. Now, what can organized labour do to correct that situation? A. Very little.

Q. Why? A. Other than organize.

. ell, you say "very little other than organize". I say, What can you do if you should organize?

A. The unification of labour, as ix I visualize it in the far future, would, of necessity, bring about a quality among minimum demands upon employers, corresponding to the fabric produced in the various plants. We make up price lists. We present those to our employers. These price lists originate from the local unions who are well qualified, through their membership, to understand the difficulties of their own particular division, and they present them to their employers individually, and, if the group is in a complacent mood - and we have a few that are, such as the upholstery and drapery manufacturers of Philadelphia, we present the price list that is applicable to the industry, as a whole, and yet outside of Philadelphia and vicinity there are employers who take advantage of other portions of the State of New Jersey and produce fabrics in these mills at a great deal smaller than the rates prevailing in the central location of Philadelphia.

Q. Well now, can the conditions that prevail, where you have employers willing to go into a locality

with an employer in another part of the country who pays low wages and cause obtain people to work at low wages. Now, what can organized labor do to overcome that situation?

A. Why? . . . cannot been organize.

. Well, you say very little other than organize it only. What can you do if you enable organize?

A. The unification of labor, as far I view it is the far future, round of necessary, bring about a really strong labor movement than anything, according to the fourth produced in the various plants. We make up price lists. We present them to our employers. These price lists originate from the local unions and are well qualified, through their membership, to uncover the difficulties of their own particular situation, and they present them to their employers individually, and, if the group is in a complacent mood - and we have a few that are, such as the confectionery and grocery manufacturers of Philadelphia we present the price list that is applicable to the industry, as a whole, and yet unions of Philadelphia and similarly therefore multiplied the same elements of other portions of the area of New Jersey and produce fabrics in these mills at a great deal smaller than the rates prevailing in the central location of Philadelphia.

Well say, you are realizing that already, there are some employers willing to pay fair a living

where they can get cheap labour and establish mills there, be corrected by local organization, or local unions? A. Oh yes, there isn't any doubt of it. Our local unions to-day, local unions that I mentioned previously, some time yesterday, of course, have brought about conditions that mean to them improved wage envelopes, larger wage envelopes, shorter working hours, even prior to the N.R.A., maintaining the stability of industry.

Q. But how can the local unions correct the difficulty that I say arises in the different parts of the nation, and internationally, if you have a local union in Massachusetts, and local union in Carolina, or Georgia, which is not working in cooperation with one another; can you correct the situation that would arise by one set of employers on one side and one set of employers on another side? A. Only by and through the use of the organization, and the application of force when necessary.

Q. Yes, I know, but could you do it without cooperation between the two? A. Utterly impossible between the two sides.

Q. That is what I mean. When I use the word "Local Union" I meant a small union for a particular locality.

THE COMMISSIONER: Pardon me, Mr. McRuer, you mean not connected with any wider union?

MR. McRUER: Yes, my lord, not connected with any

many that cannot boast their and stability will
vanish, be corrected by local organizations, or local
unions? .. Oh yes, there isn't any doubt of it.
our local unions vanish, local unions that I mentioned
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brought about conditions that have so that improved
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of industry.

.. But how can the local unions correct the disrupt
that may arises in one of several parts of the nation
and internationally, if you have a local union in
Massachusetts, and local union in Carolina, or Georgia
which is not working in cooperation with one another;
can you correct the situation that would arise by
one set of employers on one side and one set of
employers on another side? .. Only by and through
the use of the organization, and the unification of
labor over everywhere.

.. Yes, I know, but could you do it without
cooperation between the two? .. Utterly
impossible between the two sides.

. That is what I mean. When I use the word
"local union" I meant a small union for a particular
locality.

THE COMMISSIONER: Pardon me, Mr. Mulner, you mean
not associated with any other union?

.. (Witness) Yes, my local, not connected with any

wider union; that is what I had reference to when I used the word "local union". I realise now I was using what is more or less a technical term, meaning a branch of a larger.

THE WITNESS: Yes.

BY MR. McRUER: Q. But if a union was organized, we will say, for the Province of Ontario, another one for the Province of Quebec, and another for the Province of New Brunswick, each one operating independently, ~~ea~~ could satisfactory results be obtained? A. Yes, because the organization would apply the necessary requirements for a junction of those three forces.

Q. You miss my question, Mr. McMahon.

A. Individually as States they could.

Q. No, but a junction of the three forces would mean that they were not operation independent.

A. Oh, I beg your pardon.

Q. Please pay attention to my question, Mr. McMahon. I want to get your view on my question, if you don't mind, and then after that if there is anything else you want to say, you may say it. I say, if there was a union for the Province of Ontario ~~in~~ operating independently entitely, just as an Ontario union, and another one for the Province of Quebec, independently too, and another one for the Province of New Brunswick, also independently from the other, not classed together as one international union at all, but each one operating on their own, would that be

successful? A. No, sir.

Q. Then why would it not be successful?

A. Because in the Province of Quebec, or the Province of Ontario, or the Province of New Brunswick, the difficulties encountered, - first, the fabric produced may be different in various localities, and if it is at a high class fabric the wage naturally prevailing there would be higher; workers in another division of the industry where the fabric is of less value might, without knowledge of what was produced in the other, demand the wages of the workers in the other Division. So that the necessity for the delegates from the three provinces getting together forming conditions so that the various divisions of an industry might be properly regulated according to classification of fabrics is brought about.

Q. Yes. Then I am wondering whether or not the same thing does not prevail internationally. We have one country organized under one union, and another country under another. Unless these unions all cooperate internationally, the effect of their organization is gradually lost? A. You are right.

Q. And we have had the suggestion here, that one of the reasons that wages are low in Japan, is because there is no labour organization in Japan? A. Well, there are.

THE COMMISSIONER: That is, they do not extend to the Textile Industry.

PARENTHEIT I. Mr. Sir,

. Then why would it not be successful?

.. Because in the provinces of Canada, or the Dominion of Canada, or the provinces of New Brunswick, the [illegible] may be different in various localities, and if it is at a high class fabric the wage usually prevailing there would be lower; whereas in another division of the industry where the fabric is of less value might, without knowledge of what was produced in the other, demand the same of the workers in the other division. So that the necessity for the delegates from the three provinces getting together forming conditions so that the various divisions of an industry may be properly remunerated according to [illegible] of fabrics is brought about.

. Yes. Then I am wondering whether it not the same thing does not prevail in Canada generally. We have one country organized under one union, and another country under another. Unless there is union of cooperate internationally, the effect of their [illegible] is gradually lost.

.. You are right.

.. And we have had the suggestion here, that one of the reasons that wages are low in Japan, in Canada is no labour organization in Japan. .. Well, there are.

I. Chairman: That is, they do not exist in the textile industry.

BY MR. McRUER: Q. They do not extend to the Textile Industry? A. Not very much.

Q. And do you agree, that that is one of the reasons that wages are low in Japan. I would also say that in Japan , just as in New England, when Slater landed in Pawtucket, around 1790, that opportunity is taken by the forelock by applying all science that has developed since, and machinery, by manufacturers from England, United States, and Germany, and then applying the women force that they have there ~~to~~ who are brought up under different moral training than the women of other nations of the world. This too has a bearing on the wage question.

Q. That about the European countries, France, for instance; are there any textile unions there? A. Oh, yes.

Q. Germany? A. Oh, yes, there were.

Q. There were but not now? A. Not now.

Q. Holland? A. Yes, but the textiles are not, to a great extent,prevalent in Holland.

Q. Well, we got some evidence of lines being imported from Holland? A. Yes, we have some. The synthetic yarn manufacturers, were, at one time large importers.

Q. Yes, they were sort of pioneers? A. Yes, they were one of the originals, with the English and the Germans.

Q.And Belgium? A. Yes, Belgium is quite

BY MR. MOORE: A. They do not extend to the

[illegible]. That was said.

. And do you agree, that that is one of the reasons that wages are low in Japan. I would also say that in Japan, just as in New England, when labor [illegible] by [illegible], [illegible] is taken by the foreign by employing all science that are developed since, and machinery, by manufacturers from England, United States, and Germany, and then [illegible] who are brought up under different moral training than the women of other nations of the world. This too has a bearing on the wage question.

. [illegible] for instance; are there any textile mills there?

A. Yes, there are.

. Yes, there were.

. There were but not now? A. Not now.

. Without [illegible] mill, we got some evidence of lines being imported from Holland? A. Yes, we have some. [illegible] synthetic yarn manufacturers, were, at one time large importers.

. Yes, they were sort of pioneers? A. Yes, they were one of the pioneers, with the English and the Germans.

. Yes, Belgium is quite

a large producer of fabrics.

Q. Are there unions in Belgium? A. Oh, yes.

Q. Textile unions? A. Yes.

Q. What about Norway and Sweden, are there any textile unions in those countries? A. All the information I have is from the reports that I secure each month from the other side. I have a copy of the last report received from Tom Shaw dealing with the various countries, and knowing his reliability, and having met him personally, as a member of the House of Commons in London, I place great reliance on his statement. I have a copy of that here that I would like you to see.

Q. A copy of Tom Shaw's report? A. Yes, sir.

Q. Let us see it? A. That is it, right there.

BY THE COMMISSIONER: Q. It is a report on what? A. On textiles, and the nations of the world that produce them. It treats with them all, my lord, from information that he secures through officers of standing in the various organizations in the various countries.

BY MR. McRUER: Q. All right. This then appears to be a sort of bulletin. It is headed "International Federation of Textile Workers' Association. Secretary F. Shaw, Transport House, Smith Square, London," and it is No. 5.

THE COMMISSIONER: Tell me the name again of that Association?

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Q. Are there unions in Belgium? A. Oh, yes.

Q. Textile unions? A. Yes.

Q. Just about Norway and Sweden, are there any textile unions in those countries? A. All the information I have is from the reports that I secure each month from the other side. I have a copy of the last report received from Tom Shaw dealing with the textile situation, and dealing with unemployment, and having met him personally, as a member of the House of Commons in London, I place great reliance on his statements. I have a copy of that here that I would like you to see.

Q. A copy of Tom Shaw's report? A. Yes, sir.

Q. Let us see it? A. That is it, right there.

BY THE GENERAL MANAGER: Q. It is a report on textiles, and the nations of the world that produce them. It treats with them all, by land, from information that he secures through officers of standing in the various organizations in the various countries.

BY MR. MACLEAN: Q. All right. This seems to be a sort of bulletin. It is headed "International Federation of Textile Workers' Association. Secretary T. Shaw, Transport House, Smith Square, London," and it is No. 5.

THE COMMISSIONER: Tell us the name again of that association?

MR. McRUER: International Federation of Textile Workers' Associations.

BY THE COMMISSIONER: Q. Is your Association federated with that? A. Morally yes, but financially, no. We are paying no per capita tax to the Federation.

BY MR. McRUER: Q. Is there any reason why you are not financially associated with them? A. Oh, yes. We think that the per capita assessment is too high. We are carrying on correspondence.

Q. Oh, well, I won't ask you further about it. You are negotiating about it at the present time, though? A. Yes.

Q. And you are entirely in sympathy with the objects of this Association? A. Correct.

MR. McRUER: Then I might file this, my lord.

THE COMMISSIONER: Oh, yes.

MR. McRUER: I won't read it through at the present time.

THE COMMISSIONER: That will be Exhibit 445.

EXHIBIT 445: Bulletin of International Federation of Textile Workers' Associations, No. 5, May 1936.

THE COMMISSIONER: Show it to me a moment, please.

BY MR. McRUER: Q. I intended to ask you, Mr. McMahon, are they organized in Switzerland? A. I cannot answer you, Mr. McRuer.

Q. There were at one time a great many mills, silk mills, located in Switzerland? A. Yes.

MR. MOSS: International federation of Textile Workers' Labour Union.

Q. Are they affiliated with the Communists?

Related with Red? A. Normally yes, but financially, no. We are paying no per capita tax to the organization.

MR. MOSS: Q. Is there any reason why you are not financially associated with them? A. I think that the per capita assessment is too high for the membership.

Q. Oh, well, I won't ask you further about it. You are mixed up about it at the present time, isn't you? A. Yes.

Q. And you are entirely in sympathy with the objects of this association? A. Correct.

MR. MOVER: Then I might file this, my lord.

THE COMMISSIONER: Oh, yes.

MR. MOSS: I won't read it through at the present time.

THE COMMISSIONER: That will be Exhibit 46.

EXHIBIT 46: Bulletin of International Federation of Textile Workers' Labour Union, No. 3, May 1950.

THE COMMISSIONER: Show it to me a moment, please.

MR. MOSS: Q. I intended to ask you, Mr. Somerton, are they organized in Switzerland? A. I cannot answer you, Mr. Moss.

Q. There were at one time a great many mills in Switzerland, weren't there? A. Yes.

A. But we have learned that they have been pretty well put out of business by international tariffs.

A. I haven't any doubt of that, but I am not conversant with Switzerland.

THE COMMISSIONER: You might find out, Mr. McRuer, to what extent, if any, Mr. McMahon's organization exists in Canada.

BY MR. McRUER: Q. Have you any local unions organized in Canada? A. A few.

Q. Where are they? A. Milltown, Three Rivers, and Vancouver.

THE COMMISSIONER: Are there textile industries in Vancouver?

THE WITNESS: A woollen industry.

Q. What sort of an industry would it be?

A. They are not only knitting but there are also clothing producers out there.

BY MR. McRUER: Q. Do you know the names of them?

A. I have forgotten them, I don't know, But when I was in Vancouver at a convention there, I got in touch with the operatives and discussed the matter with them. The Blue Book gives you all of that information.

BY THE COMMISSIONER: Q. Someone told us also, Mr. McMahon, about certain legislation before the American Congress lately about textile workers?

A. Yes.

BY MR. McRUER: Q. Is there any legislation that has been place before the American Congress recently

. But we have learned that they have been pretty well put out of business by international textile.

A. I haven't any doubt of that, but I am not sure that with Dominion and.

5 THE COURT REPORTER: You might find out, Mr. Palmer on Monday if not, Mr. [illegible] I suggest [illegible] Mr. Palmer.

Q. Mr. McLEAN: Q. Have you any local unions organized - Manufacturers? A. I don.

10 . Short and Hogg? A. Dominion Cotton Products and [illegible].

BY COMMISSIONER: Are these textile industries in Vancouver?

15 [illegible]: A woollen and only.

Q. What sort of an industry would it be?

A. They are not only knitting but there are also [illegible] [illegible].

20 BY Mr. McLEAN: Q. Do you know the names of these? A. I have forgotten them, I don't know. But when I was in Vancouver at a convention there, I got in touch [illegible] [illegible] them. The blue book gives you all of that information.

25 BY THE COMMISSIONER: Q. Someone told us also. [illegible] Short Hogg [illegible] [illegible] [illegible] [illegible] textile [illegible]

A. Yes.

30 BY Mr. McLEAN: Q. Do there any [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

in respect to the textile industry? A. Yes, sir.

Q. What is it? A. We have presented to Congress a Bill following the demise of the N.R.A. through the action of our Supreme Court, known as The Ellenbogen Bill, Bill No. 12285.

THE COMMISSIONER: I understand from the Secretary, Mr. McRuer, that we have a copy of that. I don't know what became of the Bill.

THE WITNESS: I don't know. There were three bills drawn up. Why I mentioned Bill No. 12285, was because many changes took place, the elimination of many things; we had conferences with representatives of practically all divisions of our industry in Washington - I mean managerial representatives.

BY MR. McRUER: Q. You have shown me a newspaper clipping which contains your representations to Congress, does it?not? A. Correct.

Q. It contains your representations to Congress, and shows what you asked for? A. Correct.

Q. Not what you got? A. Not what we got.

Q. Not what was incorporated in the bill but what you asked for? A. The Bill is still in the House and no chance of coming out, in my opinion, this year.

Q. No chance of it coming out? A. Not this year.

Q. Well, have you any objections if we file those clippings, or do you want to take them away with you? A. Oh, no. I was sorry, Mr. McRuer,I did not have a copy of the original in proper form.

in respect to the textile industry? A. Yes, sir.

Q. What is it? A. We have presented to Congress a Bill following the decise of the K.K.K. through the action of our Supreme Court, known as the Hilsenrad Bill, Bill No. 1232.

THE COMMISSIONER: I understand from the Secretary, Mr. Hofner, that we have a copy of that. I don't know what became of the Bill.

THE CHAIRMAN: I don't know. We've been trying to draw up. Why I mentioned Bill No. 1232, was because many changes took place, the elimination of many things; we had conferences with representatives of practically all divisions of our industry in Washington - I mean industrial representatives.

BY MR. MOFFATT: Q. You have shown me a newspaper clipping which contains your representations to Congress, does it not? A. Correct.

Q. It contains your representations to Congress, and shows what you asked for? A. Correct.

Q. Not what you got? A. Not what we got.

Q. But that has reappeared in the Bill that was you asked for? A. The Bill is still in the House and no chance of coming out, in my opinion, this year.

Q. No chance of it coming out? A. Not this year.

Q. Well, have you any objections if we file those clippings, or do you want to take them away with you?

A. Oh, no. I was sorry, Mr. Hofner, did not have a copy of the original in proper form.

Q. We can have this? A. Oh yes, it is a copy of our own paper.

Q. All this, as I understand it, is what you asked for? A. It is a facsimile of the original.

Q. Of what you asked for? A. Yes.

THE COMMISSIONER: It is available?

MR. McRUER: Well no, my lord. It is headed "President McMahon's Brief." It is a newspaper clipping and it reads:

"Textile Workers' Representatives Present Their Case."

I take it it might be considered as the case for the Textile Workers in respect to this Ellenbogen Bill? A. Yes.

THE COMMISSIONER: That will be Exhibit 446.

EXHIBIT 446: Clipping re Ellenbogen Bill.

BY MR. McRUER: Q. It is from a publication of some sort. What is the name of it? A. Of our own Textile Worker, of which I am editor.

Q. All I want now is the name of the publication? A. The Textile Worker.

Q. And that is a publication? A. Issued semi-monthly.

Q. Issued by the? A. The United Textile Workers of AMERICA and it is issued semi-monthly.

Q. All right. Now, there are one or two other th ngs I want to ask about. Mr. Loper, a cost accountant, gave evidence before this Commission

[illegible] can have this? [illegible] Q. Yes, it is a copy of our own [illegible].

[illegible] All this, as I understand it, is what you asked for [illegible]. It is a facsimile of the original [illegible] of what you asked for [illegible].

[illegible]: It is [illegible]?

Mr. [illegible]: Well no, my [illegible]. It is a [illegible] and [illegible]'s Brief." It is a newspaper clipping and it reads:

[illegible]

I take it right to consider us the case for the [illegible] in respect to this [illegible] Mill?

A. Yes.

[illegible] I am [illegible] to exhibit [illegible].

EXHIBIT No: Clipping re Ellenboxen Mill.

BY Mr. [illegible]: Q. It is from a publication of some sort. What is the name of it? [illegible] own Textile Worker, of which I am editor.

Q. All I want now is the name of the publication?

A. The Textile Worker.

Q. Is that [illegible] monthly?

A. [illegible].

[illegible] Q. [illegible] Textile Worker [illegible] and it is [illegible].

A. [illegible]. [illegible] I [illegible] Mr. [illegible] [illegible]

in regard to working conditions in Canada, and he was asked this question:

"How does the amount of work involved in Canadian Mill jobs compare with their counter-part in the United States? A. Well, generally speaking the work required of Canadian Textile operatives is somewhat less than what we would consider good practice among the mills in the States."

Have you knowledge of the work required among mill operatives in the Canadian mills? A. Slight, not much.

Q. Well, probably you are not then in a position to speak as to what is required of the Canadian operative? A. No, my knowledge is limited.

Q. Well then, I shall not ask you. You have not been permitted access to the mills here, as I understand it; you have not had an opportunity of going inside to visit the mills? A. No, not here, nor in the United States, only on rare occasions.

Q. Do you know what has been put forward as the objection to your going into the mills?

MR. GEOFFRION: Has he asked?

THE WITNESS: The main objection is, that I am fairly well known, and workers recognizing me going into a mill might organize more rapidly than the employer would desire.

BY MR. GEOFFRION: Q. Where was that, where did that happen? A. No, sir.

MR. McRUER: I suggest this: Is there any objection to Mr. McMahon having access to some of the representative Canadian mills so that we might go through them and see the conditions, and then we might avail ourselves of his experience. All I am asking is for my friends to state, whether there is any objection to him going through the mills for the purpose of seeing working conditions, so that he might be able to give his views on the matters on which Mr. Loper was asked.

MR. GEOFFRION: Might I suggest that the witness stated that even in American mills he has not been given access.

MR. McRUER: I am not asking you to argue it. All I am merely asking is to put on the record if my friend, Mr. Geoffrion, who is representing the Dominion Textile Company, and Mr. Kellock, who is representing the Institute along with Mr. Lanctot, will state to the Commission whether they will give Mr. McMahon access to the mills so that he might go through the mills and examine the working conditions there in order that he might give his view to the Commission on the same subject matter concerning which Mr. Loper was examined, that is, in regard to the kind of work involved in the Canadian Mills, compared with their counterpart in the United States, and general working conditions. Now, I am asking for that.

MR. KELLOCK: If your lordship wishes to hear

Mr. MONTEM: I suggest this: Is there any objection [illegible] American mills so that we might go through them and see the conditions, and then we might avail ourselves of his experience. All I am asking is for my friends to state, whether there is any objection to him going through the mills for the purpose of seeing working conditions, so that he might be able to give his views on the matters on which Mr. Loper was asked.

Mr. DOUGLAS: Might I suggest that the witness stated that even in American mills he has not been [illegible].

Mr. MONTEM: I am not making you to argue it. All I am merely asking is to put on the record if my friend, Mr. Scottron, who is representing the Dominion Textile Company, and Mr. Wallace, who is representing the Institute along with Mr. Lamont, will ask e to the Commission whether they will give [illegible] access to the mills so that he might go through the mills and examine the working conditions there in order that he might give his view to the Commission of his own judgment [illegible]

Mr. Loper was examined, that is, in regard to the kind of work involved in the Canadian Mills, compared with their counterpart in the United States, and [illegible] working conditions. [illegible] for that.

Mr. WALLACE: If your lordship wishes to hear

from me, I have no instructions whatever on the matter. I cannot say anything.

MR. GEOFFRION: I must take the same position, my lord, as my learned friend, particularly in view of the two statements we have just heard from the witness.

MR. McRUER: I think Mr. McMahon will be prepared to say, that if he is given access to the mills, to go through them and examine working conditions, that he will not take advantage of those visits to organize labour while he is t ere.

THE WITNESS: I never did, in any place that I had the opportunity.

Q. And if you are given access now you will not do so? A. Positively.

Q. Positively not? A. Not. That is what I say, that is what I mean. I want to make myself clear, Mr. McRuer, on a matter of this kind, whether our employers believe it or not, I am so constituted, and my colleagues are, in general, that our one desire is to stabilize the industry that so many depend upon for a living. That is all we are interested in.

MR. GEOFFRION: My clients are more generous than I, and they say that if it is not heralded in any way, so there will be no possible chance of disturbing the equanimity of the workers, or the stability of conditions, the Dominion Textile Company has no objection;

THE COMMISSIONER: You do not want to start a

from me, I have no understanding or error on the mat-
ter of their employment.

Mr. GOODFELLOW: I must take the same position, my lord, as my learned friend, particularly in view of the two statements we have just heard from the witness.

Mr. BOURNE: I believe Mr. Hanson will be prepared to say, that if he is given access to the mills, to go through them and examine working conditions, that he will not take advantage of those visits to criticize labour while he is there.

Mr. HANSON: I never did, in any place that I had the opportunity.

Q. And if you are given access now you will not do that? A. Positively.

Q. Positively not? A. No. That is what I say, that is what I mean. I want to make myself clear, Mr. Hanson, on a matter of this kind, whether our employers believe it or not, I am so constituted, and my colleagues are, in general, that our one desire is to stabilize the industry that so many depend upon for a living. That is all we are interested in.

Mr. GOODFELLOW: We might have [illegible] I, and they say that if it is not heralded in any way so there will be no possible cause of disturbing the quantity of the workers, or the stability of operations, the Dominion Textile company has no objection.

THE MARCHESSAULT: You do not [illegible]

strike

MR. GEOFFRION: No, but my clients are broader than I am, and they say Yes.

THE COMMISSIONER: Well, that is an important concession, Mr. McRuer, if you want to make the most of it.

MR. McRUER: Yes, my lord. I think it would be quite unbecoming to us to herald it in any way, or have any blowing of trumpets, or have any newspaper publicity, or anything of that sort. I am just wondering what your personal convenience, is, Mr. McMahon. I understood you were only here for a day or two.

THE COMMISSIONER: Mr. McRuer, I might suggest this, in view of the step that has been taken perhaps the best thing to do is to discuss that privately.

MR. McRUER: Yes, all right. Well, I do not think that I will attempt to examine Mr. McMahon further on the subject of Mr. Loper's evidence, because he has not had that opportunity.

THE COMMISSIONER: You are through, then?

MR. McRUER: Yes, I am through, my lord.

MR. BELLOCK: You are going to recall the witness at some other time?

MR. McRUER: If you want to examine him on anything he has said now, I think you had better do so.

THE COMMISSIONER: Perhaps it might be better to let the whole thing stand, and at some time or other

Mr. MORRISON: No, but my client's rights are greater than I am, and they say Yes.

THE COMMISSIONER: Well, that is an important concession, Mr. Morrison, if you want to make the most of it.

Mr. MORRISON: Very, my Lord. I mean it seems to be quite unbecoming to us to hurrid it in any way, or have any blowing of trumpets, or have any newspaper publicity, or anything of that sort. I am just [illegible] Mr. Morrison, in, Mr. Mackenzie. I understood you were only here for a day or two.

THE COMMISSIONER: Mr. Morrison, I might suggest that in view of the stage that has been reached perhaps the best thing to do is to discuss that privately.

Mr. MACKENZIE: Yes, all right. Well, I do not think that I will attempt to examine Mr. Morrison further on the subject of Mr. Lopez's evidence, because he has not had that opportunity.

THE COMMISSIONER: You are through, then?

Mr. MORRISON: Yes, I am through, my Lord.

Mr. MACKENZIE: You are going to recall the witness at your public hearing.

Mr. MORRISON: If you want to examine him on anything he has said now, I think you had better do it.

THE COMMISSIONER: Perhaps it might be better to let the whole thing stand, and at some time or other

he will be available.

THE WITNESS: My lord, I must return to the fact, that I have got a meeting with my colleagues, known as the Executive Board, next week, in New York.

THE COMMISSIONER: Well, there is no reason why you should not take that meeting in.

MR. McRUER: I will discuss that with you, Mr. McMahon.

THE COMMISSIONER: You are through for the present, then?

THE WITNESS: All right, thank you.

MR. McRUER: Probably we might take five minutes now to discuss it, my lord.

THE COMMISSIONER: Very well.

-- On resuming.

MR. McRUER: My lord, I conferred with my friend, Mr. Geoffrion, and in view of the fact that Mr. McMahaon has not been studying intimately the inside of mills in the United States recently, it would not be advantageous to have Mr. McMahon visit the Canadian mills, and there will be a man, representative of the Commission, who will have that privilege, and Mr. McMahon advises me that they have in their organization a gentleman who is well equipped to assist in such matters as that. I suggested that our representative of the Commission should first see this gentleman, and if it becomes necessary, or we consider it advantageous to the Commission,

of this Commission.

MR. CLARKE: My Lord, I must return to the point that I have got a meeting with my colleagues, known as the Executive Council, next week, in New York.

5 THE COMMISSIONER: Well, there is no reason why you should not take that meeting in.

MR. CLARKE: I will do some deal with you, Mr. Commissioner.

THE COMMISSIONER: You are strongly for the reasons [illegible].

10 MR. CLARKE: Yes, sir.

MR. MORDEN: Probably we might take five minutes now to discuss it, my Lord.

15 THE COMMISSIONER: Very well.

-- On resuming.

MR. MORDEN: My Lord, I conferred with my friend, Mr. Geoffrion, and in view of the fact that Mr. Robinson has not been studying intensely the issues of mills in the United States recently, it would not be advantageous to have Mr. Robinson visit the Canadian mills, and there will be a mutual privilege, and Mr. Robinson advises me that they have in their organization a gentleman who is well equipped to as let in such matters as that. I suggested that the representative of the Commission visit five [illegible] only practical, but it is thought necessary, in my opinion, it advantageous to the Commission.

to ask for the privilege of him going with our representative when he goes, we may take it up with our friend when the occasion arises. But at the present time, in view of the fact that a man is going from the Commission, in any case, I am not going to press it.

THE COMMISSIONER: Well, that is quite all right.

MR. McGUIGAN: We may ask that they have the privilege of going together, but we will see if that necessity arises.

THE COMMISSIONER: That means then that Mr. Geoffrion had better proceed with the cross-examination.

MR. GEOFFRION: I understand Mr. Kellock is going to cross-examine.

CROSS-EXAMINATION BY MR. KELLOCK:

Q. Mr. McMahon, could you tell his lordship how many textile workers there are in the United States? A. Approximately one million and a quarter.

Q. And the membership of your union, you say, is 100,000? A. The membership that we pay on to the American Federation of Labour is 100,000.

Q. Well, is that the membership of your union? A. No.

Q. What is the difference? A. The membership that has been discriminated against, locked out, unemployed for various reasons other than mill shut-down, would increase our standard number from 100,000 to between

300,000 and 350,000.

Q. Well, I suppose the members of your or anization pay dues, do they? A. They do.

Q. And how many due-paying members have you got? A. Only 100,000.

Q. I see. Well then, the only members of your organization in good standing are 100,000? A. In good standing according to our laws and our connection with the American Federation of Labour.

Q. When you speak of your laws you mean your own union laws? A. Our own international law.

Q. They are not laws of the United States of America but of your union? A. Yes, sir.

Q. So that the figure of 100,000 that you gave his lordship is the correct figure, so far as the actual membership of your organization is concerned? A. Are correct figures of the running membership who pay 12 consecutive months in the year.

Q. Yes. And the others that you speak about are people who might continue in good standing if, among other reasons, they had the money, or for a number of other reasons? A. Yes, sir.

Q. That is about the way of it, or the way to put it? A. Yes, sir.

Q. And, could you tell his lordship, how many members in good standing you had in 1933? A. At the N.R.A.?

Q. I am not talking about the N.R.A. I am just

Q. (Cont'd) and then,

Q. Well, I suppose the members of your organization pay dues, do they? A. They do.

Q. And how many dues-paying members have you got? A. Only ten.

Q. I see. Well then, the only members of your organization in good standing are ten? A. In good standing according to our laws and our connection with the American Federation of Labour.

Q. When you speak of your laws you mean your own union laws? A. Our own international law.

Q. They are not laws of the United States of America out of your union? A. Yes, sir.

Q. So that the figure of 100, that you gave this Jordahl is the correct figure, so far as the actual membership of your organization is concerned? A. Are correct figures of the running membership who pay in consecutive months in the year.

Q. Yes. And the others that you speak about are people who might continue in good standing if, among other things, they had paid, or for a number of other reasons? A. Yes, sir.

Q. That is about the way of it, or the way to put it? A. Yes, sir.

Q. Now, if you tell this Jordahl, how many members in good standing you had in 1920? A. At the

talking about the year 1933? A. I don't know off-hand.

Q. Well, did you have more or less members in good standing in 1933? A. We had less.

Q. By how much? A. I would judge 50 per cent. less. I don't know just what they were paying A.F. of L.

Q. Do you mean to say, that in 1933 you had only 75,000 members in good standing? A. We did not have 75,000.

Q. You did not have 75,000? A. No, sir.

Q. As a matter of fact, didn't you lose a good many members owing to the strikes that took place under the N.R.A.? A. There wasn't any N.R.A.until July 1st. I am taking theyear as a whole.

Q. When you are speaking about July 1st --
A. I am taking the year as a whole.

Q. And at that time is it not a fact that you lost a good many members? A. No, we gained considerable membership following 1933, up to and including August of 1934.

Q. Yes, and then that was the time of your big strike, was it not? A. September of 1934.

Q. And then you did lose a good many members, did you not? A. We lost membership following the strike, --

Q. I don't care what the reasons were.

MR. McRUER: Let him answer.

BY MR. KELLOCK: Q. I am not asking for the reason, you can give it if you like? A. Due to the fact of discrimination of employees, shut-downs, and various other methods used, so that our membership was put out on the street.

Q. All right, but the fact is you did lose a great many members since September, 1934? A. Yes, primarily in the State of Georgia.

Q. And a number of mills were shut down, were they not? A. You mean during the strike?

Q. During the strike and since that time? A. During the strike we were successful in closing, approximately, 65 or 70 per cent. of the mills.

Q. And you have been successful to date in having some of those mills, at least, continue shut even until the present time? A. Not very many.

Q. Some of them I say? A. Well, --

Q. One of them, at least, employed 15,000 hands, the Amoskeag in Manchester, New England, That is so, is it not, Mr. McMahon? A. No, sir.

(Page 6825 follows)

Q. Gentlemen, as I do not carry the records, can you tell me is it you like? A. Due to the fact of diversification of employers, hunt-masters, and various other methods used, so much our membership was put out on the street.

Q. All right, but the fact is you did lose a great many members since September, 1949? A. Yes, primarily in the State of Georgia.

Q. And a number of mills were shut down, were they not? A. You mean during the strike?

Q. During the strike and since then also?

A. During the strike we were successful in closing, approximately, 60 or 70 per cent of the mills.

Q. And you have been successful to date in having some of those mills, at least, continue shut even until the present time? A. Not very many.

Q. None of them I say? A. Well, --

Q. One or three, at least, employed in, or under, the membership in Manchester, are signing. That is, is it not, Mr. Lodhbury? A. No, sir.

Q. Is that mill open to-day? A. No, sir.

Q. It shut down in September, 1934? A. Yes, sir.

Q. At the time of the strike? A. Yes, it was closed during the strike.

Q. You called the strike? A. And opened.

Q. Opened when? A. Following the strike.

Q. When? A. Following the strike.

Q. When? A. I would judge the strike was declared -- the President asked us to call off the strike at the end of the fourth or fifth, I think it is the fourth week, and we complied.

Q. You say the mill was re-opened? A. The mill was re-opened.

Q. For how long? A. Continued in operation to I think February or March of 1934.

Q. And then was shut down again? A. Kept going on getting slack and slack and it shut down.

Q. You said February, 1934, you mean February, 1935? A. 1935, I beg your pardon.

Q. From September, 1934 to February, 1935, was it operating full? A. Oh no, the Amoskeag has not been operating full for many many years.

Q. What happened in February, 1935? A. Because of financial difficulties of the mill, those who controlled the bonds, those who belonged to the corporation known as the manufacturer's side differed in the policy pursued by the treasurer, Mr. Dumaine. Court proceedings were necessary and they are now in the United States District Court. As a matter of fact, no part of the strike of 1934 had any effect on

Q. Is that mill open to-day? A. No, sir.

Q. It shut down in September, 1944? A. Yes, sir.

Q. At the time of the strike? A. Yes, it was closed during the strike.

Q. You call the strike? A. And opened.

Q. Opened when? A. Following the strike.

Q. When? A. Folio ing the strike.

Q. When? A. I would judge the strike was called -- the President asked us to call off the strike at the end of the fourth or fifth, I think it is the fourth week, and we complied.

Q. You say the mill was re-opened? A. The mill was re-opened.

Q. For how long? A. Continued in operation to I think February or March of 1944.

Q. And then was shut down again? A. Kept going on getting slack and slack and it shut down.

Q. You said February, 1944, you mean February, 1944? A. 1945. I beg your pardon.

Q. From September, 1944 to February, 1945, was it operating full? A. Oh no, the Armstrong has not been operating full for many many years.

Q. What happens in March, 1945? A. In cases of financial difficulties of the mill, those who controlled the bonds, those who belonged to the corporation known as the manufacturer's side differed in the policy pursued by the treasurer, Mr. Lamoico. Court proceedings were necessary and they are now in the United States District Court. As a matter of fact, no part of the strike of 1944 had any effect on

the closing of the Amoskeag mill. The internal difficulties existing prior to the strike is the cause.

BY THE COMMISSIONER: Q. You mean within the company itself? A. Financially, internally in the company itself.

Q. That is outside of the men, outside of the workers? A. Outside?

Q. Outside of the working people? A. Outside of the working people, according, your honour, to a statement made by Mr. Dumaine in the City Hall of Manchester at a hearing that took place there under the chairmanship of the mayor of the city which is also public property.

BY MR. KELLOCK: Would you say, Mr. McMahon, that the shutting down in February of 1935 was due entirely to the financial difficulties of the company itself? A. The starting to close xxx or the cutting off of production slowly but surely started I believe to take place about that time.

Q. And it was due to that reason, you say? A. Due to financial.

Q. To that reason and that reason alone? A. In my opinion, yes.

Q. What is your opinion based on? A. The statement of Mr. Dumaine and my many talks with him.

Q. And the mill is entirely closed down now? A. Yes.

Q. Was the figure of 15,000 hands I gave you, was that correct? A. No, sir.

Q. How many do you say? A. Those employed

approximated 9,800 and something.

Q. When? A. August, 1933 -- ~~M~~ I mean July, 1933.

Q. That about September of 1934? A. About the same number.

Q. Alright. A. That is, the same number approximately came out on strike in September.

Q. There were others that did not go out on strike? A. No, the mill closed. To make myself correct --

Q. Is your answer not correct? A. Yes, but the 15,000 that you say was during the war period. At no time did Amoskeag employ 15,000 people except during that period, the post period following the war, around 1923, 1924 and 1925.

Q. Now, Mr. McMahon, you told his lordship in answer to my friend of certain wages which you say prevailed in the United States both in the North and South since some time in or about the year 1933? A. Yes, sir.

Q. You produced exhibit 441 with these figures on it? A. Yes, sir.

Q. Now, that statement is headed average hourly earnings by occupations in cotton textile mills. Are the hands in the mills paid on a per hour basis? A. Such as loom fixers, such as slashers, such as beamers, the carding room employees, some of the fixers in the spinning departments, but usually these departments are controlled by the price list set by the company on a piece work rate or pound rate or hank rate, whatever the case may be, whatever is more

[illegible] 1,000 and upwards.

Q. What A. August, 1928 -- X I mean June, 1928.

Q. That was September of 1924? A. About the same number.

Q. Right. A. That is, the same number approximately came out on strike in September.

Q. There were others that did not go out on strike?

A. No, the mill closed. To make myself correct --

Q. Is your answer not correct? A. Yes, but the 15,000 that you say was during the war period. At no time did working employ 15,000 people except during that period, the post period following the war, around 1922, 1923 and 1920.

Q. Now, Mr. Mahoney, you told Mr. Lafleche in answer to my friend of certain wages which you say prevailed in the United States both in the North and South since some time in or about the year 1920?

A. Yes, sir.

Q. You produced exhibit 641 with those figures on it? A. Yes, sir.

Q. Now, that statement is based over-all only earnings by occupations in cotton textile mills.

[illegible] Lowell, [illegible] Lawrence, [illegible] Manchester, the varied [illegible] in the textile industry. But usually these descriptions are controlled by the price list and by the [illegible] on a piece work rate or [illegible] rate, whatever the case may be, whichever is more

applicable to the business of the corporation.

Q. I don't know just how you mean to answer the question. Do you mean that some of these classes of employees that you mentioned are employed on a time basis and others on a piece basis, or are they all on a piece basis? A. The securing of wages in mills, when opportunity is given government officials to make investigation, the envelopes or wage pay rolls are sought and averages are established according to various mills so as to prevent publication of mills with rates higher than those that are established.

Q. Can you just answer my question, Mr. McMahon, so that I will understand it. Do you say that the employees of the two or three classes that you mentioned in American mills are paid by the hour or by the piece? Which is it? A. Usually in the weave shed and spinning room piece work rates prevail.

MR. McRUER: That is what he said in the first place.

BY MR. MELLOCK: Q. Well then, on this statement that you have put in as exhibit 441 a number of the classes of employees, at least, are paid on a piece work basis; that is right? A. Correct.

Q. Well then, how is the time basis, the average hour basis arrived at as set out in this exhibit? A. Well, if I had the application to mills pay roll and knew --

MR. McRUER: Just a moment, there is no use being hypothetical about that. You told us how it was arrived at.

5 Particularly in the business of the corporation.

Q. I don't know that you need to answer the question. Do you mean that some of these obnoxious employees that you mentioned are employed on a time basis and others on a piece basis, or are they all on a piece basis?

10 A. The earning of wages in this industry, more particularly in plant operations, utilizing to some extent, the services of male and female labour and operations are mechanized employing the workmen with the machine, piecework rate higher than those that are multiplying.

Q. Can you just answer my question, Mr. Mathson, so that I will understand it. Do you say that the employees of the two or three classes that you mention in question will not fall to some based on by the piece rates in 1?

A. Generally in the main those rates and spinning room piece work rates prevail.

MR. MORDEN: That is what he said in the first place.

BY MR. GILDOE: Q. Well then, on this statement that you have put in as exhibit 441 a number of the figures or manpower, my limit, are just on a piece basis rate? in 1?

A. Correct.

Q. Well then, how is the time basis, the overtime hour basis arrived at as set out in this exhibit?

A. Well, in 1 and the equivalent to within not roll and hours --

MR. MORDEN: Just a moment, there is no use bringing that up. You said so how it was arrived at.

MR. GEOFFRION: Let him answer.

MR. McRUER: If you want him to be hypothetical alright; he told us how it was arrived at and let us have it. It comes from that United States publication.

MR. GEOFFRION: Let him make his answer in his own way.

MR. McRUER: You can have that hypothetically if you like.

THE COMMISSIONER: I think Mr. McRuer was trying to assist you, but if you won't be assisted --

THE WITNESS: The Department of Labour made a thorough survey --

BY MR. KELLOCK: Q. Yes, Mr.McMahon? A.-of textile mills and in compiling the survey they arrived, because of information they had in hand, at the point whereby they could decide the rates per week, per hour, per month, paid operatives. It is necessary to have a full week before you can properly compile the data to present to any body as authentic and the only data collected, the information I have, was data concerning mills or departments operating at full time of 40 hours with us; and in that way it was easy to allocate the hourly wage just as it is easy for a manufacture to allocate his hourly wage when he knows what he is doing.

THE COMMISSIONER: We have such a thing as basic rates, for instance, in our own mills.

BY MR. KELLOCK: Q. What you mean, Mr. McMahon, is that the compiler of the information in this exhibit went into one mill, for instance, and he took a

MR. GRIFFIN: Let him answer.

MR. McNAB: If you want him to be hypothetical

MR. GRIFFIN: Let him make his answer in his own way.

MR. McNAB: You can have that hypothetically if you like.

THE WITNESS: The Department of Labour made a thorough study --

BY MR. MCLEOD: Q. Yes, go ahead. A. We took mills and in compiling the survey they arrived because of information they had in hand at the point whereby they could assess the rates per week, not hourly per month, paid operatives. It is necessary to have a full week before you can properly compile the data to present to any body as authentic and the only data collected, the information I have, was data concerning mills or departments operating at full time of 60 hours with us; and in that way it was easy to allocate the hourly wage just as it is easy for a manufacturer to allocate his hourly wage when he knows what he is doing.

THE COMMISSIONER: We have been a thing as basic rates, for instance, in our own mills.

BY MR. MCLEOD: Q. Analyze them. A. I have the employer of the information in the mills, just like one mill, for instance, the M. Yard.

particular worker for a particular full week and he found out the amount of money which he had earned on the piece rate system for that week, and then he did that with all the employees in that mill, and then he found what the average was in the mill; is that what you mean? A. No. I mean that the survey made by statisticians whether governmental or not is first secured through the pay roll in which if cotton, pounds consumed and pounds finished, and waste, that necessarily and naturally follows in the production. All of those enter into costs and you finally arrive at that for a unit wage. All of the mills for that investigation or survey are thus placed in a department and the loom fixer or slubber tender or speeder tender or whatever it may be, is averaged from the fact secured through this survey. It cannot be otherwise.

MR. McRUER: If you want to know--

MR. KELLOCK: I want to know what the witness knows.

MR. McRUER: I thought you wanted to know how this was fixed. It is taken from this report, exhibit 442.

MR. KELLOCK: Does that explain how it is made?

Mr. McRUER: It is a government publication.

THE WITNESS: Pretty much so, Mr. --

BY MR. KELLOCK: Q. Now, Mr. McMahon, do you know how many workers in each mill were taken for the purpose of arriving at these figures, do you know? A. Oh no, I don't know.

Q. Do you know how many mills were covered?

A. No, These things are kept secret to the department.

publishing manner for a provincial full-page ad to be found out the amount of money which he had earned on the piece rate system for that week, and then be met with all the employees in that mill, and then be found that the average was in the mill; is that what you mean? A. No. I mean that the survey made by statisticians whether Government or not is first secured through the dry roll in which if cotton, [illegible] and pounds finished, and waste, that necessarily and naturally follows in the production. All of those enter into costs and you finally arrive at that for a unit wage. All of the mills for that investigation or survey [illegible] in a [illegible] and the loom [illegible] or [illegible] [illegible] it may be, is averaged from the fact secured from a [illegible] survey. It cannot be otherwise.

MR. MORDEN: If you want to know--

MR. PHILOOK: I want to know what the witness knows.

MR. MORDEN: I thought you wanted to know how this was timed. It is taken from this report, [illegible]

MR. PHILOOK: Now that explain how it is made?

MR. MORDEN: It is a Government publication.

THE WITNESS: Pretty much so, Mr. --

MR. PHILOOK: Q. Now, Mr. Mordon, do you know how many workers in each mill were taken for the purpose of arriving at these figures, do you know? A. Oh no, I don't know.

Q. Do you know how many mills were covered?

A. No. These values are just [illegible] to the department.

Q. Then, you cannot help his lordship any further than this that you have got the government report which my friend has in his hand, and which has been put in, and this has been copied on this sheet, and so far as you know, Mr. McMahon, you just don't know any more about it than that it appears in this publication; is that right? A. No. Both the employers and ourselves rely considerably, to a large extent, on information secured from the department, we knowing that the information is primarily secured from the employer and not the worker.

Q. I am just speaking of this paper I hold in my hand. I am just asking you if it is true so far as you yourself are concerned, that you don't know any more about this than is contained in the government report? A. That would not be true because I know the general average of the loom fixer in the United States, North and South. I know the working conditions, I know how these wages are established, whether it is a spinner or carder or picker room hand, I am fairly conversant with the inside of the mill to know.

Q. Well, what is the average wage of a card grinder in the North at the present time? A. It depends entirely upon the fabric that is produced in the mill. Also it depends a great deal on the calibre of the card.

Q. So that the figures that is on this sheet, exhibit 441, opposite card grinder, would vary according, for instance, to the fabric that was used; is that

Q. Then, you cannot help him identify any further than this that you have got the government report which my friend has in his hand, and which has been put in, and this has been copied on this sheet, and so far as you know, Mr. Kerghan, you just don't know any more about it than that it appears in this publication; is that right? A. Yes. Both the employers and employees really cooperated, to a large extent, in information received from the department, so knowing that the information is primarily received from the employer and not the employee.

Q. I am just speaking of this paper I hold in my hand. I am just asking you if it is true so far as you yourself are concerned, that you don't know any more about this than is contained in the government report? A. That would not be true because I know the general average of the loom fixer in the United States, North and South. I know the working conditions. I know how these wages are established, whether it is a spinner or carder or picker room hand. I am fairly conversant with the trade of the mill loom.

Q. Well, what is the average loom of a mill worker in the North at the present time? A. It depends entirely upon the fabric that is produced in the mill. Also it depends a great deal on the weaver of the mill.

Q. Do that the figures that is on this sheet, quality mill, average mill, average mill and average loom, for instance, in the fabric that you make in that

it? A. Oh, a card grinder. I am wrong there.

BY THE COMMISSIONER: Q. You are talking of a card grinder? A. Not a grinder, I thought you were talking about those who operate or are assigned 36 or 44 cards.

BY MR. KELLOCK: Q. I said a card grinder? A. That is a different operation. The card grinder usually should receive at least 50 cents per hour.

Q. Well then, I see that the average wage paid to card grinders in the North was 49.7 but in the South was 44.3. That is in August, 1934? A. Yes.

Q. Your figure of 50 cents was the North? A. Yes.

Q. And what was the --

THE COMMISSIONER: That was under this code?

MR. KELLOCK: Under this code.

THE COMMISSIONER: Are they still getting the same?

BY MR. KELLOCK: Q. Are they still getting the same? A. No, there are some mills, as I have said yesterday, that have made reductions in various ways, some direct.

Q. Now, Mr. McMahon, these wages --

BY THE COMMISSIONER: Q. Pardon me, a moment, you said some did it directly and some indirectly? A. Yes.

Q. What is the indirect method again? A. The Stretch out.

BY MR. KELLOCK: Q. Mr. McMahon, the wages set out in this exhibit, they were the wages so far as

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Q. Yes, a much similar, I can stand

Q. Yes.

BY THE COMMISSIONER: Q. You are talking of a very similar A. NAY - a similar, I should

you were talking about those who operate or are assigned 30 or 44 cards.

Q. Yes, Sir. - I misunderstood.

A. That is a different operation. The card grader usually should receive at least 50 cents per hour.

Q. Well then, I see that the average wage paid to card graders in the North was 49.7 but in the South was 44.3. What is in arrears, Jack? A. Yes.

Q. Your figure of 50 cents was the North?

A. Yes.

Q. And what was the --

THE COMMISSIONER: Are they still getting the

MR. KILLOCK: Under this job.

MR. KILLOCK: Q. Are they still getting the

A. No, there are some milling, as I have said yesterday, that have made reductions in wages only, some slight.

Q. Now, Mr. Robertson, these wages --

BY THE COMMISSIONER: Q. Excuse me, a moment. You said some did it directly and some indirectly?

A. Yes.

Q. What is the Jackpot card or similar

A. The Kirkpatrick card.

BY MR. KILLOCK: Q. Mr. Robertson, the wages and in this industry, that work for wages or for a

August, 1934 is concerned, which prevailed under the code; that is true? A. Those are the wages that prevailed under the code.

Q. And the code is gone, isn't it? A. Yes.

Q. And do you say that these wage scales still prevail generally in the United States? A. Since our strike of 1934 we stopped the chisellers and naturally held on to the fair ones.

Q. Do you say these wages still prevail in the United States generally? A. No, I don't know -- I would not say they do under the conditions that they are there.

Q. Q. Isn't it common knowledge, as a matter of fact -- A. They do not.

Q. Alright, I will take your answer; your answer is they do not now prevail? A. Surely not.

MR. McRUER: In what way do they not prevail?

THE COMMISSIONER: Find out what does prevail.

BY MR. KELLOCK: Q. Is there any standard that prevails generally or is it pretty much different in different localities? A. The standard of the Southern workers now, the cotton division, who are approximately two-thirds of the numerical strength of the workers in the industry, as a whole have remained fairly stationary.

Q. Stationary with what? A. Due to the N.R.A.

Q. Stationary at the rates prevailing under the N.R.A.? A. Yes, if I said to you take 10%

[illegible]

[illegible] code; this is true? A. These are the wages that prevailed under the code.

Q. And the code is gone, isn't it? A. Yes.

Q. And do you say that these wage scales still [illegible]

our strike of 1934 so stopped the employers and actually held on to the fair wage.

Q. Do you say these wages still prevail in the United States generally? A. No, I don't know. I would not say they do under the conditions that [illegible] are there.

Q. Isn't it common knowledge, as a matter of fact -- A. They do not.

Q. [illegible] is they do not now prevail? A. Surely not.

MR. MORROW: In what way do they not prevail?

THE COMMISSIONER: Find out what does prevail.

BY MR. WHITLOCK: Q. Is there any standard that prevails generally or is it pretty much different in different localities? A. The standard of the industry [illegible] are approximately two-thirds of the numerical strength of the workers in the industry, as a whole here remains fairly stationary.

Q. Stationary with what? A. Due to the N.I.R.A.

Q. Stationary at the rates prevailing under the N.I.R.A.? A. Yes, if I read in you take 10%

as an average for the entire industry of the rateage that is now quoted I would be making, in my opinion, to my judgment, a fairly honest, true statement.

Q. That is because, as I understand you, in the South the South has continued to adhere pretty much to the scale set under the N.R.A? A. No.

Q. Then, I misunderstood you? A. Because conditions prevailing prior to the N.R.A. were so -- we use the word "rotten", I am trying to look for another word, but were rotten --

Q. That is alright. A. That the employers, the fair ones, have no desire to go back to it and they are maintaining to a great extent the wages there less possibly 10%.

Q. What you say is that both in the North and the South the reduction since the N.R.A. went out is exactly the same, that is, the Southern wages have been reduced 10% from what they were under the code and the Northern wages have been reduced 10% from what they were under the code; is that what you mean? A. I would say that as an average, but reserving the right to say that there are many mills where neither a reduction nor the stretch out has taken place but in a few instances increased hours has taken place from 40 to 48 or to 54.

Q. And also reduced the wages 10%?

A. No, sir, they did not.

Q. Now, Mr. McMahon, you referred to the legislation which is before the United States Congress at the moment known as the Ellenbogen Bill. I have in

as an average for the entire industry of the Province that is now quoted I would be making, in my opinion, an injustice, a grave injustice, from treatment.

Q. That is because, as I understand you, in the South the South has not issued to adopt pretty much to the scale set under the N.R.A.? A. No.

Q. Then, I misunderstood you? Q. Because conditions overwhelming point to the N.R.A. more so -- we use the word "rotten", I am trying to look for another word, but were rotten --

Q. That is right. A. That the employers, the fair ones, have no desire to go back to it and they are maintaining to a great extent the wages there less possibly 10%.

Q. What you say is that both in the North and the South the reduction since the N.R.A. went out is exactly the same, that is, the Southern wages have been reduced 10% from what they were under the code; is that what you meant? A. I would say that on an average, but reserving the right to say that there are many mills where neither a reduction nor the stretch out has taken place but in a few instances increased hours has taken place from 40 to 44 or to 54.

Q. And also reduced the wages 10%?

A. No, sir, they did not.

Q. Now, Mr. McKibbon, you referred to the Dominion-Textile mills in Montreal the United States Company at the second hand in the Hillsdale Mill. I have

my hand what purports to be the text of that, and it has these recitals--

"Section 1. The Congress of the United States as a matter of legislative determination hereby finds the following facts:-"

and three is --

(3) "In recent years this flow of interstate and foreign commerce in textile products has substantially declined in value and amount, has been subject to severe price instability, has been diverted in large quantities from certain States to other states and from certain mills to other mills by reason of unfair competition in wage rates and other conditions of employment as well as by reason of other unfair methods of competition, has been interrupted and greatly burdened by strikes and other forms of industrial unrest, and has otherwise been disorganized and depressed.

Such disturbances have resulted in widespread unemployment, and caused heavy financial expense to the Government of the United States, contrary to the public interest.

(4) Such effects upon interstate and foreign commerce in textile products have been caused directly and primarily by the instability of wage rates and other labour costs", and so on.

(page 6836 follows)

my local and provincial by-laws and by-laws, may be been since repealed--

"Section 1. The Congress of the United States as a matter of legislative determination hereby finds the following facts:

and three is --

"In recent years this flow of interstate and foreign commerce in textile products has substantially declined in value and amount, has been subject to severe price instability, has been diverted in large quantities from certain states to other states and from certain mills to other mills by reason of unfair competition in some areas and other conditions of employment as well as by reason of other unfair methods of competition, has been interrupted and gravely burdened by strikes and other forms of industrial unrest, and has otherwise been disorganized and depressed.

Such disturbances have resulted in widespread unemployment, and caused heavy financial expense to the government of the United States, to injury to the public interest.

[illegible] commerce in textile products have been caused directly and primarily by the instability of wage rates and other labour costs", and so on.

(see page following)

Now then, was your statement of a uniform 10% in the North and South, is that accurate, or is the statement I have read to you accurate?

A. That statement is not accurate.

Q. It is not accurate? A. No.

THE COMMISSIONER: What is the statement from; who puts it forward?

MR. KILLOCK: It is from the bill itself. It is a finding of fact. It is the peculiar way they have of legislating.

THE COMMISSIONER: Was it in the bill originally?

THE WITNESS: Those who are acquainted and have the data concerning the statement which is read will understand the cold blooded reading of a statement of that kind better than would indicate in either the preamble of the bill or as stated in the public press. The facts that are in the possession of Congress concerning the industry will bear out all of the statement but the reading of it that strikes and other things, strikes drove the mills from one state to another is not true.

Q. That does not answer my question at all. All I asked you is whether this was part of the bill submitted by you or was something added afterwards?

A. No, that is practically true.

Q. That was right in the bill? A. Yes.

BY MR. McRUER: Q. Was this added afterwards?

A. No, I think it is in the original.

Q. Is that in the brief that you submitted?

A. Let me see whether it is in the preamble; I have not

from them. Was your statement of a uniform 10% in the North and South, is that accurate, or is the statement I have read to you accurate?

A. That statement is not accurate.

Q. It is not accurate? A. No.

THE COMMISSIONER: What is the[illegible] statement from; who puts it forward?

MR. KELLOCK: It is from the bill itself. It is a finding of fact. It is the peculiar way they have of legislating.

THE COMMISSIONER: Was it in the bill originally?

THE WITNESS: Those who are acquainted and have the data concerning the statement which is read will understand the cold blooded reading of a statement of that kind better than would indicate in either the preamble of the bill or as stated in the public press. The facts that are in the possession of Congress concerning the industry will bear out all of the statement but the reading of it that strikes and other things, strikes down the mills from one state to another is not true.

Q. That does not answer my question at all. All I asked you is whether this was part of the bill submitted by you or was something added afterwards?

A. No, that is practically true.

Q. Then was right in the bill? A. Yes.

BY MR. McKEEN: Q. Was this added afterwards?

A. No, I think it is in the original.

Q. Is that in the brief that you submitted?

A. It was somewhere it is in the preamble; I have not

got a copy with me. I don't know. This is the Journal of Commerce, yes --

Q. This is in the bill as submitted?

THE COMMISSIONER: So far he says it was in the original bill submitted. Now, we will find out. We have it here.

SECRETARY WHITELY: No, just a clipping.

THE WITNESS: I think it is in the present bill.

BY MR. McRUER: Q. There is no doubt of that but was it in what you submitted to Congress, your organization submitted to Congress in your draft? A. It was the result of conferences between the Congressmen and our representatives --

Q. Please, Mr. McMahon, can you answer my question; were these statements in the original draft that your organization submitted to Congress? A. I believe it was.

Q. Statements such as paragraph number three; that is what we want to know? A. Yes, I believe so, yes, sir.

Q. Well, now point them out in yours? A. This is our brief, Mr. McRuer.

Q. Well, are those statements in your brief? A. No, sir.

Q. Well, that is what I was asking you. That is what you submitted? A. Yes, sir.

BY THE COMMISSIONER: Q. This bill is known as the Ellenbogen bill? A. Yes.

Q. Ellenbogen is the name of the Congressman

Q. This is in the bill as submitted?

THE CHAIRMAN: So far as we have it here in the original bill submitted. Now, we will find out. We have it here.

SECRETARY WHITMAN: No. Just a slip.

THE CHAIRMAN: I think it is in the amendment bill.

BY MR. MORTON: Q. There is no doubt of that but was it in what you submitted to Congress, your organization submitted to Congress in your draft?

A. It was the result of conference between the Congressmen and our representatives --

Q. Please, Mr. Morton, can you answer my question; were these statements in the original draft that your organization submitted to Congress?

A. I believe it was.

Q. Accelerate such as necessary under these; that is what we want to know? A. Yes, I believe so, yes, sir.

Q. Well, you point this out in your A. This is our brief, Mr. Chairman.

Q. Well, are those statements in your draft?

A. No, sir.

Q. Well, that is what I was asking you. That is what I am asking? A. No, sir.

MR. [illegible]: Q. This will be known as the [illegible]? A. Yes.

Q. [illegible] is the name of the Congressman

who introduced it? A. Yes.

Q. Who drafted it? A. Congressman Ellenbogan with our co-operation, with the co-operation of those associated with me. I was not in there at the drawing up of it.

BY MR. KELLOCK: Q. Then, Mr. McMahon, I just want to ask you this, you told my friend about some minimum wage law which you said existed in New York State yesterday? Do you remember that? A. No, I mentioned several states yesterday.

Q. As a matter of fact there is no minimum wage law in New York State to-day, is there? A. No, not since the invalidation recently by the Supreme Court of the United States.

Q. The Supreme Court has held that neither the states or federal authorities had any authority to enact a minimum wage law? A. No, we are in No Man's Land.

MR. McRUER: We are going to find out next week where we are.

MR. GEOFFRION: Yes, and nine-tenths of your inquiry will be useless.

THE COMMISSIONER: The difference is if Ottawa cannot do it the provinces can while in the States there are many things that neither can do.

BY MR. KELLOCK: Q. Mr. McMahon, I suppose it is perfectly obvious that an organization like yours is interested in anything that tends to the welfare of the employees? A. Yes, sir.

Q. And therfore anything that tends to the

with our co-operation, with the co-operation of those associated with us. I was not in there at the starting up of it.

BY MR. K. LEGGE: Q. Then, Mr. Lusmden, I just wanted to ask you this, you told my friend about some minimum wage law which you said existed in New York state yesterday? Do you remember that? A. No, I mentioned several states yesterday.

Q. As a matter of fact there is no minimum wage law in New York State to-day, is there? A. No, not since the invalidation recently by the Supreme Court of the United States.

Q. The Supreme Court has held that neither the states or federal authorities had any authority to enact a minimum wage law? A. No, we are in Mr. Legge's hand.

MR. MONDER: We are going to find out next week where we are.

MR. LEGGE: Yes, and time-table of your industry will be useless.

THE CHAIRMAN: The difference is if Ottawa cannot do it the provinces can while in the States Ottawa can do it.

MR. LEGGE: Q. Mr. Lusmden, I suppose it is particularly unknown that a considerable time people interested in anything that tends to the welfare of the employees? A. Yes, sir.

Q. Are therefore anything that tends to the

prosperity of the industry as a whole, you are also interested in that? A. Correct.

Q. Because if the industry cannot carry on it cannot pay wages; that is right? A. Correct.

Q. I suppose it is also true that an employer or employers paying the wages which you regard as adequate are at a disadvantage in competing with employers who are able to get along with paying a much lower scale? A. Yes.

Q. That is also obvious? A. Correct.

Q. That is all, thanks.

BY MR. McRUER: Q. One of the objects, I take it, of organized labour is to try and get these wages that are on the lower scale, that create unfair competition, to get them up to the level of the adequate wages; that is true? A. That is true.

Q. Just one other question I want to ask you in reference to the strikes that were referred to. Was the subject matter of the strikes in the textile industry in the United States not made the object of an extensive investigation in the United States by the -- A. Federal Government.

Q. Or was it by the federal trade commission? A. No, by the Federal Government at the order of the President.

Q. There was an extensive investigation and an official report on that subject matter? A. Yes.

THE COMMISSIONER: When was this?

MR. McRUER: That would be in what year, the fall of 1934 and the spring of 1935? A. Following

prosperity of the industry as a whole, you are also interested in that? A. Correct.

Q. Because if the industry cannot carry on it cannot pay wages; that is right? A. Correct.

Q. I suppose it is also true that an employer or employers paying the wages which you regard as adequate are at a disadvantage in competing with employers who are able to get along with paying a much lower scale? A. Yes.

Q. That is also obvious? A. Correct.

Q. That is all, thanks.

BY MR. MOLONY: Q. One of the objects, I take it, of organized labour is to try and get there wages that are on the lower scale, that areas unfair competition, to get them up to the level of the general wages; that is true? A. That is true.

Q. Just one other question I want to ask you in reference to the strikes that were referred to. Was the subject matter of the strikes in the textile industry, in the cotton mills, the result of an extensive investigation in the United States by the -- A. Federal Government.

Q. Or was it by the Federal trade commission? A. No, by the Federal Government at the order of the President.

Q. There was an extensive investigation and an official report on it? A. Yes.

THE COMMISSIONER: When was this?

Q. Because that would be in that year, the [illegible] of 1924 was the strike [illegible]

the President's public request in 1934 he immediately promised in that statement that a survey of the industry would be made and appointed Governor Winant.

Q. My question was, when was it? A. 1934.

Q. When did they report, about the spring of 1935? A. The spring of 1935.

Q. I have that report, I think, at Ottawa.

THE COMMISSIONER: It is not filed?

MR. McRUER: No.

MR. HEWARD: Was that the Winant report?

MR. McRUER: Yes.

THE WITNESS: The work assignment board that was appointed by the President for the three divisions of the industry have made reports according to work loads and assignments and wages, etc., and that is included.

MR. GEOFFRION: The report of the strike, was that the Winant report?

THE WITNESS: The Winant report is separate and previous to the full report of the work assignment.

THE COMMISSIONER: I would like to have that report made an exhibit.

MR. McRUER: Yes.

THE COMMISSIONER: And as it comes in connection with this part of this testimony I am going to give it a number now, Mr. McRuer. What is the name of the report, the Winant?

MR. McRUER: There are two reports, one is the Winant report which deals with the subject matter of the strikes and then there is -- A. The Work

President's public request in 1924 he immediately promised in that statement that a survey of the industry would be made and appointed Government.

Q. My question was, when was it? A. 1924.

Q. When did they report, about the spring of 1925?

A. The spring of 1925.

Q. I have that report, I think, at Ottawa.

THE COMMISSIONER: It is not filed?

MR. MONAHAN: No.

Q. Would you have the filed copy?

A. Certainly I do.

THE WITNESS: The work assignment board that was appointed by the President for the three divisions of the industry have made reports according to work loads and assignments and wages, etc., and that is included.

MR. CARTWRIGHT: The report of the strike, was that the first report?

A. No, the first report is present and previous to the full report of the work assignment.

THE COMMISSIONER: I would like to have that report made an exhibit.

MR. MONAHAN: Yes.

THE COMMISSIONER: And as it comes in connection with this part of this testimony I am going to give it a number now, Mr. Mahner. What is the name of the report, the first?

MR. MONAHAN: There are two reports, one is the preliminary report which deals with the subject matter of the strike and then there is — A. The work

Assignment Report.

Q. By whom was that made? A. The Department of Labour.

THE COMMISSIONER: Then, the Winant report, that will come in as exhibit 447.

EXHIBIT NO. 447: Winant report (to be produced).

What is the other one?

MR. McRUER: The Work Assignment.

THE WITNESS: The Textile Work Assignment Report.

EXHIBIT NO. 448: Textile Work Assignment Report (to be produced).

THE COMMISSIONER: We have both those in Ottawa, have we?

MR. McRUER: I have one, I am not sure about the Winant report, my lord.

THE COMMISSIONER: Then, you will take a note of it, Mr. Whiteley.

SECRETARY WHITELEY: Yes.

MR. HEWARD: Is it 448 that is to be the Textile Work Assignment?

THE COMMISSIONER: What is that?

MR. HEWARD: I wanted to get the number which is to be the Textile Work Assignment.

THE COMMISSIONER: The Winant Report will be number 447 and the next one, the Textile Work Assignment Report, will be 448.

BY MR. McRUER: Q. The Textile Work Assignment Board was a board set up under the Department of Labour in the United States? A. Through the advice

What is the other one?

MR. MORRIS: The Work Assignment.

THE VICE-CHAIRMAN: The Textile Work Assignment Report.

MR. MORRIS: Textile Work Assignment Report (to be processed).

THE CHAIRMAN: We have both those in 1 hand.

Have we?

MR. MORRIS: I have them. I am not sure about the Annual Report, My Lord.

THE CHAIRMAN: Then, you will take a note of it, Mr. Whitely.

MR. WHITELEY: Yes.

MR. HUNTER: Is it AA2 that is to be the Textile Work Assignment?

THE CHAIRMAN: What is the?

MR. HUNTER: I wanted to get the number which is to be the Textile Work Assignment.

THE CHAIRMAN: The Annual Report will be number AA7 and the next one, the Textile Work Assignment, will be AA8.

MR. HUNTER: Is the Textile Work Assignment Report in the bundle? (Pause) No, I do not see the Annual Report in the bundle. (Pause) Thank you.

of Governor Winant.

Q. They followed each other in sequence?

A. One followed the other in sequence.

Q. It grew out of the Winant Report?

A. Yes, sir, that is what I wanted to get straight.

Q. You will see that we get those, Mr. Whiteley?

SECRETARY WHITELEY: I have asked the legation in Washington to forward them to us.

THE WITNESS: Mr. McRuer, I want to make one statement before I go if your honour will permit me?

BY THE COMMISSIONER: Q. Go on. A. In the discussion of this strike situation I can understand where unfair deductions can be made. It should be understood that the northern employers, approximating 20, operate large corporations in the South while at the same time operating mills in the North, and the differentials existing in the same corporation between their Northern and Southern mills, was the primary cause of bringing about the conditions that existed during that period of 1934 when we were compelled to strike to preserve intact the L.R.A. as it originally was intended.

Q. Alright.

BY MR. McRUER: Q. Are there any mills moving from the South back to the North? A. Well, I cannot say that there are many. I know of one or two or I heard of one or two.

Q. Where did they move from and where to?

A. Now, I have not got that right at my hand. I did have.

of Governor Hunt.

Q. They followed each other in sequence?

A. One followed the other in sequence.

Q. It grew out of the Hunt Report?

A. Yes, sir, that is what I meant to get straight.

Q. You will see that we get there, Mr. Whelan?

SECRETARY WHELAN: I have asked the Legation in Washington to forward them to us.

THE MINISTER: Mr. Norman, I want to make one statement before I go if your Honour will permit me.

BY THE CHAIRMAN: Q. Go on. A. In the discussion of this strike situation I can understand where merit deductions can be made. It should be understood that the northern employers, approximately 80, operate large corporations in the South while at the same time operating mills in the North, and the differentials existing in the same corporation between their Northern and Southern mills, was the primary cause of bringing about the conditions that existed during that period of 1934 when we were compelled to strike to preserve intact the N.R.A. as it originally was intended.

Q. Finish.

Q. Mr. Chairman, I am trying to follow this evidence from the South back to the North? A. Well, I cannot say that there are many. I know of one or two or I know of one or two.

Q. Where did they move from and where to?

A. Now, I have not got that right at my hand. I did

Q. I would like to have that information if we can get it. It is a matter of interest.

THE COMMISSIONER: Mr. McMahon may send it to us.

A. I will, your honour, everything I have that I have touched on.

MR. McRUER: Thank you very much; that is all, Mr. McMahon.

EARL P. SURPHLIS, sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Surphlis, where are you employed?

A. T. Eaton Company, Montreal.

BY THE COMMISSIONER: Q. Where? A. T. Eaton Company, Montreal.

BY MR. McRUER: Q. In Montreal; what capacity?

A. Buyer of fabrics.

BY THE COMMISSIONER: Q. Buyer of what?

A. Dress fabrics.

Q. You are a buyer of dress fabrics? A. Yes.

BY MR. McRUER: Q. How long have you been a buyer of dress fabrics? A. 12 years.

Q. Always with the Montreal store? A. No, I came from Toronto.

Q. Were you in the same capacity in Toronto?

A. I was assistant buyer.

Q. And you have been buyer of dress fabrics with the T. Eaton Company throughout this year, 1936?

A. Yes, sir.

Q. Will you tell me, Mr. Surphlis, if you have been buying rayon goods in 1936? A. Yes.

A. I would like to have that information if we can get it. It is a matter of interest.

THE COMMISSIONER: Mr. Morton may send it to us.

A. I will, your honour, everything I have that I have handed in.

MR. MORTON: Thank you very much; that is all, Mr. Morton.

MARK P. BURNHILL, SWORN.

EXAMINED BY MR. MORTON:

Q. Mr. Burnhill, where are you employed?

A. T. Eaton Company, Montreal.

BY MR. MORTON: Q. T. Eaton Company, Montreal.

A. Yes.

BY MR. MORTON: Q. In Montreal; what capacity?

A. Buyer of Dyeing.

BY THE COMMISSIONER: Q. Buyer of what?

A. Dyeing Department.

Q. You are a buyer of dress fabrics? A. Yes.

BY MR. MORTON: Q. How long have you been a buyer of dyeing material? A. 12 years.

Q. Always with the Montreal store? A. No. I came from Toronto.

Q. Were you in the same capacity in Toronto?

A. I was assistant buyer.

Q. And you have been buyer of dress fabrics with the T. Eaton Company throughout this year, 1936?

A. Yes, Sir.

Q. Will you tell me, Mr. Burnhill, if you have been buying rayon goods in 1936? A. Yes.

Q. And have you been buying any Japanese rayons? A. Yes.

Q. To what extent have you been buying Japanese rayons? A. Approximately $800.

Q. $800 worth? A. That is at cost in Canada.

Q. Yes; have you had representations made to you on behalf of Japanese merchants, any efforts to sell you Japanese rayons? A. One or two occasions.

Q. Yes. A. We were not particularly interested at that time.

Q. Yes, have you made any effort to buy them? A. We bought some through our own representatives.

Q. Through your own representative? A. Yes.

Q. What was the nature of the $800 worth of goods that you bought? A. There was 3600 yards of 36 inch rayon satin and 750 yards -- I beg your pardon, I am wrong, 3600 yards of 27 inch brocaded taffeta.

Q. Of 27 inch brocaded, yes? A. And 750 yards of 36 inch rayon satin.

Q. Yes. A. That is the extent of our buying.

Q. Why have you not bought more Japanese goods this year? It doesn't sound like a very big order? A. No, this was more or less an experimental purchase to see the condition of the merchandise that was received.

Q. Yes, and why didn't you buy more? A. Well, we found on receipt of this merchandise that they were

Q. And have you been buying any Japanese textiles?

A. Yes.

Q. To what extent have you been buying Japanese textiles? A. Approximately $6000.

Q. $6000 worth? A. That is at cost in Canada.

Q. Yes; have you had representation made to you on behalf of Japanese manufacturers, any efforts to sell you Japanese textiles? A. One or two occasions.

Q. Yes. A. We were not particularly interested at that time.

Q. Yes, have you made any effort to buy them?

A. We bought some [illegible].

Q. Through your own representatives? A. Yes.

Q. What was the nature of the $6000 worth of goods that you bought? A. There was 3800 yards of 36 inch rayon satin and 780 yards -- I beg your pardon. I am wrong. 3800 yards of 27 inch brocaded taffeta.

Q. 27 inch brocaded, yes? A. And 780 yards of 36 inch rayon satin.

Q. Yes. A. That is the extent of our buying.

Q. Why have you not bought more Japanese goods this year? It doesn't sound like a very big order?

A. We felt we were in fact in particularly favourable to see the condition of the merchandise that was imported.

Q. Yes, and why didn't you buy more? A. Well, we found on receipt of this merchandise that they were

not perfect goods, what we considered perfect goods.

Q. Will you get me those samples, please?

SEC. WHITELEY: The Australian?

MR. McRuer; No, Japanese. I just want your full and frank statement as to why you have not been buying Japanese goods. We have heard suggestions that they were pouring into Canada.

MR. HEWARD: Who made that suggestion?

MR. McRUER: And I want to know why you have not been swamped.

MR. HEWARD: Who suggested it?

MR. McRUER: I am going to show it to you.

MR. KELLOCK: We have not heard it so far.

MR. McRUER: Oh yes, I have got it in writing. I want to know why you have not been swamped with the tide? A. As a result of the first purchase we were not satisfied with the condition of the merchandise when it was received.

Q. Yes? A. Consequently we did not make any further purchases, we were not satisfied with the quality.

Q. And have you had, or have you any Japanese textiles that you consider it would be desirable to purchase and handle any more? A. No, sir.

Q. This is during this year? A. Just this year.

THE COMMISSIONER: Where does the rest of the supply of rayon goods come from?

BY MR. McRUER: Q. Where did you secure your rayon goods? A. Canada.

Q. All in Canada? A. Principally; there

and perfect goods, what we considered perfect goods.

Q. Will you get me those samples, please?

MRS. WHITELEY: The Australian?

MR. MCGILLIVRAY: Yes, please. I just want to read

and frank statement as to why you have not been buying

Japanese goods. We have heard suggestions that they

were pouring into Canada.

MR. [illegible]: Who made that suggestion?

MR. McGUIGAN: And I want to know why you have not

been swamped.

MR. EDWARDS: Who suggested it?

MR. McGUIGAN: I am going to show it to you.

MR. [illegible]: We have not heard it so far.

MR. McGUIGAN: Oh yes, I have got it in writing.

I want to know why you have not been swamped with the

tide? A. As a result of the first purchases

we were not satisfied with the quality of the merc-

chandise when it was received.

Q. Yes? A. Consequently we did not make

any further purchases, we were not satisfied with the

quality.

Q. And have you had, or have you any Japanese

textiles that you consider it would be desirable to

purchase and handle any more? A. No, sir.

Q. This is during this year? A. Just this year.

THE COMMISSIONER: Why re does the rest of the sub-

ect matter [illegible]

BY MR. McGUIGAN: Q. Where did you source your textile

goods? A. Canada.

Q. All in Canada? A. Principally; the

may be a small proportion from the United States.

Q. Where did you buy from in Canada?

A. Associated Textiles, Consolidated Silks, Bruck Silks, Dominion Textile.

Q. Did you buy any from Canadian Cottons?

A. Not this year I don't think.

Q. Were you ever a substantial --

THE COMMISSIONER: What about Great Britain?

BY MR. McRUER: Q. Just when I finish this question; were you ever a substantial buyer from Canadian Cottons? A. Not in cottons.

Q. I mean in rayons; were you ever a substantial buyer of rayons from Canadian Cottons? A. I would not say to any extent.

Q. Now, have you this year cut down your purchases of rayons or have they increased over, we will say, the first five months of last year? A. Well, there may be a slight increase.

Q. No appreciable decrease? A. No.

Q. I mean in yards? A. Yes.

Q. Have you ever threatened to cut down your purchases of rayons on account of the Japanese importations? A. Not up to the present time.

Q. You have never told any of the Canadian buyers, "I am not going to buy from you, I am going to get my stuff from Japan", or anything to that effect?

A. No.

Q. Do you buy any rayons in Great Britain?

A. The first part of this year we made a few small purchases of spun rayon.

may be a small proportion from the United States.

Q. Where did you buy from in Canada?

A. Associated Textiles, Dominion Dyeing, Brunck Silk, Dominion Textile.

Q. Did you buy any from Canadian Cottons?

A. Not this year I don't think.

Q. Were you ever a substantial --

BY MR. MORDEN: Q. Just when I finish this question; were you ever a substantial buyer from Canadian Cottons? A. Not in cottons.

Q. I mean in rayons; were you ever a substantial buyer of rayons from Canadian Cottons? A. I would not say to any extent.

Q. Now, have you this year cut down your purchases of rayons or have they increased over, we will say, the first five months of last year? A. Well, there may be a slight increase.

Q. No appreciable decrease? A. No.

Q. I mean in yardage? A. Yes.

Q. Have you ever threatened to cut down your purchases of rayons on account of the Japanese importation? A. Not up to the present time.

Q. You have never told any of the Canadian suppliers "I am not going to buy from you, I am going to get my stuff from Japan", or anything to that effect? A. No.

Q. Do you buy any rayons in street ratiking? A. The first part of this year we made a few small purchases of some rayons.

Q. Yes. A. And novelties.

Q. That is rayon that is woven from fabric that is made out of rayon staple? A. Yes.

Q. The yarn is first cut up and then spun like cotton? A. Yes, a dull finish.

Q. You purchased a small quantity of that in Great Britain? A. Yes.

Q. Why have you not been importing rayon from Great Britain? A. Previous to that we considered the tariff rather high.

Q. High enough that it prevented you from importing and doing business commercially in it? A. Well, that was one reason. Of course, another reason, the styles in many cases were not, as we considered, as suitable as some of the Canadian merchandise we could buy.

Q. So that even irrespective of the tariff you prefer the Canadian merchandise? A. To a large extent.

Q. Now, what do you say as to whether there are advantages in dealing with the Canadian manufacturers as to delivery and repeat orders, and so on, that would give them an edge on Japanese merchants even competing on similar fabrics at a similar price? A. The principal advantage would be the matter of getting merchandise promptly.

Q. Is that an important thing? A. Yes, in style merchandise.

Q. And rayons is a thing that is a style merchandise? A. A good many of them.

Q. For instance, you order a style and you don't

Q. Yes. Are you specially

Q. That is rayon that is woven from fabric that is made out of rayon stapel? A. Yes.

Q. The yarn is first out on and then spun like cotton? A. Yes, a dull finish.

Q. You purchased a small quantity of that in great britain? A. Yes.

Q. Why have you not been importing rayon from Great Britain? A. Previous to that we considered the tariff rather high.

Q. High enough that it prevented you from importing and doing business commercially is it? A. Well, that was one reason. Of course, another reason, the styles in many cases were not as we considered suitably as some of the Canadian merchandise we could buy.

Q. So that even irrespective of the tariff you prefer the Canadian merchandise? A. To a large extent.

Q. Now, what do you say as to whether there are advantages in dealing with the Canadian manufacturers as to delivery and repeat orders, and so on, that would give them an edge on Japanese importers even something on similar lines at a similar price? A. The principal advantage would be the matter of selling merchandise promptly.

Q. Is that an important thing? A. Yes, in style merchandise.

Q. Can Canada do a trade that is a style merchandise? A. [illegible]

know whether it is going to be popular or not?
A. There is a certain amount of risk.

Q. When you find that it is popular you can get immediate delivery as a rule? A. Immediate delivery as a rule.

Q. Get immediate delivery and that is good for merchandising? A. Yes.

Q. If you have to send to Japan for the next order some other style may be on the market?
A. That is right.

THE COMMISSIONER: Perhaps we might as well make it a little more definite; what percentage of the rayon requirements are got in Canada?

BY MR. McRUER: Q. What percentage of your rayon requirements are purchased in Canada? A. I can only give you an approximate idea.

Q. Would it be a difficult matter for you to have a table made up over a period of years that would show that? A. It would be difficult in this sense that we don't keep separate sections for rayons.

Q. You do not have rayons segregated from cotton and silk and so on? A. No.

Q. What would your approximate idea be?
A. I would say x 75%.

Q. Now, have you any observations to make in regard to the merchandising advantages --

THE COMMISSIONER: Mr. McRuer, pardon me, while we are at it you might find out where the other 25% comes from.

know whether it is going to be popular or not?

A. There is a certain amount of risk.

Q. When you find that it is popular you can get immediate delivery as a rule? A. Immediate delivery as a rule.

Q. Get immediate delivery and that is good for merchandising? A. Yes.

Q. If you have to send to Japan for the next order some other style may be in the market?

A. That is right.

THE CHAIRMAN: Perhaps we might as well make it a little more definite; what percentage of the rayon requirements are put in Canada?

BY MR. BOURGET: Q. What percentage of your rayon requirements are purchased in Canada? A. I can only give you an approximate idea.

Q. Would it be a difficult matter for you to have a table made up over a period of years that would show that? A. It would be difficult in this sense that we don't keep separate positions for rayons.

Q. You do not have rayons segregated from cotton and silk and so on? A. No.

Q. What would your approximate be idea be?

A. I would say x 75%.

Q. Now, have you any observations to make in regard to the merchandising advantages --

THE CHAIRMAN MAN: Mr. Bourget, pardon me, while we are at it you might find out where the other 25% comes from.

BY MR. McRUER: Q. Where would you say the other 25% comes from? A. The United States.

BY THE COMMISSIONER: Q. That is from the United States? A. And Great Britain this year but not previous to that.

BY MR. McRUER: Q. Are the types that you import --

BY THE COMMISSIONER: Q. Just out of curiosity, you say Great Britain this year but not prior to that; why is that? A. Well, we did not consider -- the tariff at that time was considered rather high.

Q. Well, you mean it is on account of the changes in the tariff? A. Yes, sir.

BY MR. McRUER: Q. That would be since the budget came down; up until the first of the year there was no change with Great Britain, there was with the United States? A. There was a reduction.

Q. The reductions did not take place until about the 1st of May as far as Great Britain? A. That is right.

BY THE COMMISSIONER: Q. It is since then you are increasing your British purchases? A. We have increased them.

BY MR. McRuer: Q. What do you say as to whether the goods that you were bringing in from abroad, the x 25%, was of a class or kind made in Canada? A. Yes.

Q. They were of a class or kind made in Canada. Now, what do you say as to the merchandising advantages of having a diversification of styles such as you can

BY MR. FORTIN: Q. Where would you say the other
[illegible] from?

A. The United States.

BY THE CHAIRMAN: Q. That is from the United States?

A. And Great Britain this year but not previous to that.

BY MR. [illegible]: Q. Are the types that you import

BY MR. [illegible]: Q. Just out of curiosity, you say Great Britain this year but not prior to that; why is that?

A. Well, we did not consider the tariff at that time was considered rather high.

Q. Well, you mean it is on account of the changes in the tariff?

A. Yes, sir.

BY MR. [illegible]: Q. That would be since the budget came down; up until the first of the year there was no change with Great Britain, there was with the United States?

A. There was a reduction.

Q. The reductions did not take place until about the 1st of May as far as Great Britain?

A. That is right.

BY THE CHAIRMAN: Q. It is since then you are increasing your British purchases? A. We have increased them.

BY MR. [illegible]: Q. What do you say as to whether the goods that you were bringing in from abroad, the [illegible]

A. Yes.

Q. [illegible] of a class or kind made in Canada. Now, what do you say as to the possibility of [illegible] having a diversification of styles such as you can

get abroad, and, as I understand, are not available in Canada, to mix with your Canadian styles to promote sales; what do you say as to that? A. Well, it is an advantage. We have a bigger selection for the customers' needs that are not possibly obtainable in Canada, which are really looked for by a good many customers, something different.

Q. Does that encourage the customers to buy? A. It does in the case of a customer that is looking for something that is not considered more or less a staple fabric.

Q. You are a merchandising man -- well, you are a buyer, you are not a merchandiser; probably it is more a seller's proposition than a buyer's but I want to get your observations on this. I think it is a matter of common knowledge among any of us that if we go to a large centre like New York and walk along the streets you will see a great many styles in men's shirts and ties and things like that that you won't see in Toronto or in Montreal. You might see the odd one of that type but you won't see the diversification and it does seem to me that it is an attraction and creates interest and inducement to buy; what do you say about that? A. I think it is an inducement to buy particularly if our range is somewhat different to our competitor's, as much as possible.

Q. Yes, and is the market in Canada sufficiently large that the manufacturers can give the diversification of lines that you can get abroad? A. It may be but we are striving from time to time to locate

get abroad, and, as I understand, are not available in Canada, to mix with your Canadian styles to promote sales; what do you say as to that? A. Well, it is an advantage. We have a bigger selection for the customers' needs that are not possibly obtainable in Canada, which are really looked for by a good many customers, something different.

Q. Does that encourage the customers to buy?

A. It does in the case of a customer that is looking for something that is not considered more or less a staple fabric.

Q. You are a merchandising man -- well, you are a buyer, you are not a merchandiser; probably it is more a buyer's proposition than a buyer's but I want to get your observations on this. I think it is a matter of common knowledge among any of us that if we go to a large centre like New York and walk along the streets you will see a great many styles in men's shirts and ties and things like that that you won't see in Toronto or in Montreal. You might see the odd one of that type but you won't see the diversification and it does seem to me that it is an attraction and creates interest and inducement to buy; what do you say about that? A. I think it is an inducement to buy particularly if our range is somewhat different to our competitor's, as much as possible.

Q. Yes, and is the market in Canada sufficiently large that the manufacturers can give the diversification -- Clear that you are get charged? A. It may be but we are getting from time to time to have

something that is different so that --

BY THE COMMISSIONER: Q. What is that?

A. We are striving to locate something that is a different type of merchandise to a certain degree that we can show in order to have a more diversified collection.

BY MR. McRUER: Q. And what effect does a high tariff have on you in being able to do that successfully, do that in commercial quantities?

A. The quantities are not particularly large of these importations.

BY THE COMMISSIONER: Q. Speak louder.

A. The quantities are not particularly large, but it is the variety that we really look for on imported merchandise, principally.

Q. How does that answer your question, Mr. McRuer?

BY MR. McRUER: Q. I say what effect does a high tariff have on your ability to obtain this diversification of lines; what effect does it have on your business? I want to get your view, your experience? A. It may have a certain effect on the volume that we could bring into the country.

Q. Does it increase the price on the diversified lines that you do bring in? A. You mean more so than --

Q. If the tariff is high does it increase the price of these diversified lines? A. Yes.

Q. It does; well, that will have some effect on the consumer, will it not? A. It does, but a person who is looking for something entirely different.

assuming that it diverted so much --

BY THE CHAIRMAN: Q. That is what?

A. We are striving to locate something that is a different type of merchandise to a certain degree that we can show in order to have a more diversified [illegible].

BY MR. NORMAN: Q. And what effect does a high tariff have on you in being able to do that successfully, do that in commercial quantities?

A. The quantities are not particularly large of these importations.

BY THE CHAIRMAN: Q. Exact lower.

A. The quantities are not particularly large, but it is the variety that we really look for on luxuries [illegible], particularly.

Q. How does that answer your question, Mr. Norman?

BY MR. NORMAN: Q. I say what effect does a high tariff have on your ability to obtain this diversification of lines; what effect does it have on your business? I want to get your view, your experience? A. It may have a certain effect on the volume that we could bring into the country.

Q. Does it increase the prices on the diversified lines that you do bring in? A. You mean [illegible] --

Q. If the tariff is high does it increase the price of these diversified lines? A. Yes.

Q. It does; well, that will have some effect on the consumer, will it not? A. It does, this [illegible] [illegible] in [illegible] [illegible]

of course, naturally they want reasonable merchandise, but if it is entirely different they are sometimes willing to pay for it in order to have it.

Q. Whether he is willing to or not he has got to. Well then, in regard to the diversified lines what do you say as to the quality? Is it of the same quality as produced in Canada? A. In some cases it is about the same quality, the style features are different.

Q. And in other cases? A. In other cases the quality is a little better.

Q. Well now, in regard to the 27 inch brocaded taffeta that you handled 3600 yards of, 27 inch brocaded taffeta; was that of a class or kind made in Canada?

MR. KELLOCK: He said it was.

MR. McRUER: No, no, no, he did not.

MR. KELLOCK: You asked that question.

MR. McRUER: That was a different question; I asked about the 25% that he purchased abroad. Now, was that of a class or kind made in Canada?

A. No.

Q. Had you been buying similar brocaded taffeta any other place, any place in Canada?

A. No.

Q. You had not. Had you ever bought brocaded taffeta from Montreal Cottons? A. No, sir.

Q. Had they ever submitted any samples to you as far as you know? A. Not to my knowledge.

Q. As far as your knowledge is concerned you have

of energy, quickly; they were reasonable certainties, but if it is entirely different they are sometimes willing to pay for it in order to have it.

Q. Another is military; is it not? So you see I will then, in regard to the diversified lines what do you say as to the quality? Is it of the same quality as produced in Canada? A. In some cases it is about the same quality, the style features are different.

Q. And in other cases? A. In other cases the quality is a little better.

Q. Well now, in regard to the 27 inch brocaded taffeta that you handled 2600 yards of, 27 inch brocaded taffeta; was that of a class or kind made in Canada?

Mr. KELLOCK: He said it was.

Mr. MORGAN: No, no, he did not.

Mr. KELLOCK: You asked that question.

Mr. MORGAN: There was a different question; I asked about the 29, that he purchased abroad. Now, was that of a class or kind made in Canada?

A. No.

Q. Had you been buying similar brocaded taffeta any time during that place in Canada?

A. No.

Q. You had not. Had you ever bought brocaded taffeta from Montreal Cottons? A. No, sir.

Q. Had they ever submitted any samples to you at for at your house? A. Not in my lifetime.

Q. Is that as your knowledge is concerned for here

never had any samples of brocaded rayon taffeta submitted to you by Montreal Cottons? A. No, sir.

Q. You have a man permanently located in Japan, have you not, the T. Eaton Company? A. Yes, about ten months of the year, nine months of the year.

Q. He spends a lot of time in Japan for the purpose of seeing what he can buy there that can be sold here advantageously? A. Yes.

Q. And of course, he will buy other things than textiles? A. Yes.

Q. Any Japanese goods, we see little dogs sometimes, little toys of one sort and another that are marked made in Japan; he would buy that sort of thing as well as textiles? A. Yes.

Q. Anything that he can get his hands on.

MR. HEWARD: Mr. McRuer, you mentioned the Simpson Company; isn't this witness from the Eaton Company?

MR. McRUER: I don't think I said Simpson.

MR. HEWARD: I think you said Simpson; both of us here thought you did.

BY MR. McRUER: Q. And did you have a conference with this man in reference to Japanese textiles? A. No, I didn't have any conference with him.

Q. Did you see him? A. I saw him.

Q. Did you see samples? A. No, sir.

Q. Did he have samples? A. No, sir, not at that time.

Q. When did you see him? A. I believe he left for Japan in February.

never had any samples of impended rayon textile submitted to you by montreal cotton? A. No, sir.

Q. You have a man permanently located in Japan, have you not, the J. Baton Company? A. Yes, about ten months of the year, nine months of the year.

Q. He spends a lot of time in Japan for the purpose of seeing what he can buy there that can be sold here advantageously? A. Yes.

Q. And of course, he will buy other things than textiles? A. Yes.

Q. Any business goods, we see little dress goods, little bits of one sort and another that are marked made in Japan; he would buy that sort of thing as well as textiles? A. Yes.

Q. Anything that he can get his hands on.

Mr. [illegible]: Mr. Hosmer, you mentioned the Simpson Company; isn't this witness from the Baton Company?

Mr. Laflamme: I don't think I said Simpson.

Mr. Hosmer: I think you said Simpson; both of us have stated you did.

By Mr. Hosmer: Q. And did you have a conference with this man in reference to Japanese textiles?

A. No, I didn't have any conference with him.

Q. Did you see him? A. I saw him.

Q. Did you see samples? A. No, sir.

Q. Did he have samples? A. No, sir, not at that time.

Q. When did you see him? A. I believe he left for Japan in January.

Q. He left for Japan in February and since February he has not bought and shipped to you any textiles except -- A. Just --

Q. Just those. You have goods on order now? A. No, sir.

Q. So he would have, undoubtedly, access to the full range of textiles that would be available in Japan? A. I would imagine so.

Q. There would be nothing in the world to prevent him from seeing anything at all that was over there that the T. Eaton Company of Toronto or Montreal or Winnipeg might merchandise? A. No.

Q. That is what he is there for? A. Yes.

Q. To keep his eyes open to find out anything he can buy to sell advantageously in Canada; that is right, is it not? A. I imagine that is his reason.

Q. That is his job? A. Yes.

--

BY MR. KELLOCK:

Q. Mr. Surphlis, I just want to ask you a question or two. When did these 1936 purchases of Japanese rayon take place? A. I cannot exactly tell you, Mr. Kellock. It is after the 1st of January. It was February to March.

THE COMMISSIONER: What is that?

MR. KELLOCK: February to March, my lord.

Q. Then, you said to my friend you had been asked to buy Japanese goods on one or two occasions;

Q. He left for Japan in February and since February he has not bought any shipped to you any textiles except -- A. Just --

Q. Just those. You have goods on order now?

A. No, sir.

Q. So he would have, undoubtedly, access to the full range of textiles that would be available in Japan? A. I would imagine so.

Q. There would be nothing in the world to prevent him from seeing anything at all that was over there that the T. Eaton Company of Toronto or Montreal or Winnipeg might merchandise? A. No.

Q. That is what he is there for? A. Yes.

Q. To keep his eyes open to find out anything he can buy to sell advantageously in Canada; that is right, is it not? A. I imagine that is his mission.

Q. That is his job? A. Yes.

BY MR. MULOCK:

Q. Mr. Turphlis, I just want to ask you a question or two. [illegible] problem of [illegible] rayon take place? A. I cannot exactly tell you, Mr. Kellock. It is after the 1st of January. It was [illegible] by [illegible].

THE COMMISSIONER: What is that?

MR. MULOCK: February to March, my lord.

Q. Then, you said to my friend you had been [illegible]

was that one of them or was that both of them?

A. That was one and of course we have had agents showing samples.

Q. When? A. In February.

Q. I see; not since? A. Not since.

Q. And are you able to get small quantities of these Japanese goods, rayons, here in Montreal if you want them? Do you know whether they are warehoused here or not? A. I believe they are warehoused in Toronto.

Q. You think they are warehoused in Toronto; so that you can get what you want by phoning Toronto at any time? A. I would imagine so.

MR. McRUER: Does he know?

THE WITNESS: I am not positive of that.

MR. McRUER: If you have got in mind anyone in Toronto that has a warehouse that can sell these goods I will undertake to bring him here Monday or Tuesday next week if you want him called.

MR. KELLOCK: That is fine. Then I would ask my friend if he would call Mr. Fisher.

MR. McRUER: Yes, I will call Fisher.

THE COMMISSIONER: Well, we might hear him in Toronto.

MR. McRUER: Yes.

MR. KELLOCK: Alright. I did not have Fisher in mind when I was asking Mr. Surphlis. I am told there is a place in Montreal; do you know that?

A. I don't know of the source.

Q. Where there are stocks available you can buy?

was that one of them or was that both of them?

A. That was one and of course we have had agents showing samples.

Q. When? A. In February.

Q. I see; not since? A. Not since.

Q. And are you able to get small quantities of these lessons with, again, that is desired by you want them? Do you know whether they are warehoused here or not? A. I believe they are warehoused in Toronto.

Q. You think they are warehoused in Toronto; so that you can get what you want by showing Toronto at any time? A. I would imagine so.

MR. MURPHY: Does he know?

THE WITNESS: I am not positive of that.

MR. HOLMES: If you have got in mind anyone in Toronto that has a warehouse that can sell these goods I will undertake to bring him here tomorrow or Tuesday (that week if you would like action).

MR. MILLWARD: Put it in time. Then I could ask my friend if he would call Mr. Maher.

MR. [illegible]: I will call [illegible].

THE COMMISSIONER: Well, we might hear him [illegible].

MR. MILLWARD: Yes.

MR. HOLMES: Alright. I did not have Maher in mind when I was calling Mr. Murphie. Jim told Mary it's a place in Montreal: do you know that?

A. I don't know of the source.

Q. Where there are stocks available you can buy?

MR. McRUER: If my friend says he is told that I want him to tell me who it is and where they are and I will cause subpoenas tobe issued and we will find out all about it.

MR. KELLOCK: So far as I am concerned, my lord, it borders on gossip, and I was trying to find out the witness' knowledge.

MR. McRUER: You can tell us who told you and we will put him in the box and find out what is the source of their information.

MR. KELLOCK: I don't want to tell you everything that is in my brief, Mr. McRuer.

MR. McRUER: If you don't want us to do it,alright.

THE COMMISSIONER: You see,Mr.Kellock,you are here supporting the case on behalf of our Canadian industry which you say is menaced by Japanese competition so if you have anything like that you should bring it out otherwise I must assume you have not got it.

MR. KELLOCK: The only reason I do not substantiate it is that it isn't good enough to substantiate.

THE COMMISSIONER: You mean to tell me if there is such a place in Toronto that you cannot find it?

MR. KELLOCK: In Toronto, yes, I know there and Mr. McRuer is going to examine Mr. Fisher. My instructions are very definite that there is such a place there.

MR. McRUER: That there is such a place where?

MR. KELLOCK: In Toronto, but when I come to Montreal, my lord, my information is not as good.

THE COMMISSIONER: We are talking about Toronto.

MR. MORDEN: If my friend says he is told that I want him to tell me who it is and where they are and I will cause subpoenas to be issued and we will find out all about it.

MR. MULOCK: So far as I am concerned, my lord, it borders on gossip, and I was trying to find out the proper procedure.

MR. FERGUSON: You can tell us who told you and we will put him in the box and find out what is the source of this information.

MR. MULOCK: I don't want to tell you every bit that is in my brief, Mr. Holmes.

MR. MORDEN: If you don't want us to do it, strike it.

THE COMMISSIONER: You see, Mr. Mulock, you are barely scratching the case on behalf of our American friends which you say is caused by Japanese competition so if you have anything like that you should bring it out otherwise I must assume you have not got it.

MR. MULOCK: The only reason I do not scratchit is that it isn't good enough to substantiate.

THE COMMISSIONER: You mean to tell me if there is such a place in Toronto that you cannot find it?

MR. MULOCK: In Toronto, yes, I know it exists and Mr. Connor is going to examine Mr. Hiscox. My instructions are very definite that there is such a place there.

MR. MORDEN: That there is such a place where?

MR. MULOCK: In Toronto, but when I come to Montreal, my lord, my information is not as good.

THE COMMISSIONER: We are talking about Toronto.

still, you are not alone in Montreal. You have Mr. Lanctot who has been working on this case for a very long time. If there are any hidden away Japanese warehouses in Montreal you should have them.

MR. KELLOCK: I don't like to mention these things unless I know there is something in them, but I will make inquiries and if there is any information I have it will certainly be made available.

MR. McRUER: What my friend said was that he had gossip. Now, if he can tell us who gave him the gossip I will be prepared to put him in the witness box and ask him how he knows it.

THE COMMISSIONER: You are talking of Montreal?

MR. McRUER: Of Montreal, yes; I am prepared to give my friend any assistance in the world in tracking down any gossip that he is apprehensive about, and we will make him swear on oath, we will subpoena the witness.

MR. KELLOCK: I think, my lord, that my friend already has subpoenaed the witness that I have in mind.

MR. McRUER: Who is it? I want to know if there is any secret about this thing; I am not sparring for any position. Who is the witness you have got in mind?

MR. KELLOCK: I do not like to make a statement unless I know some more about it than I do know and unless his lordship asks me I won't say any more.

THE COMMISSIONER: Do I understand you to say, Mr. Kellock, that Mr. McRuer has subpoenaed somebody whom you intend to question on that point?

still, you are not alone in Montreal. You have detectives who has been working on this case for a very long time. If there are any hidden away Japanese warehouses in Montreal you should have them.

MR. MORROW: I don't like to mention these things unless I know there is something in them, but I will make inquiries and if there is any information I have it will certainly be made available.

MR. MORROW: What my friend said was that he had gossip. Now, if he can tell us who gave him the gossip I will be prepared to put him in the witness box and ask him how he knows it.

THE COMMISSIONER: You are talking of Montreal?

MR. MORROW: Of Montreal, yes; I am prepared to give my friend any assistance in the world in tracking down any gossip that he is apprehensive about, and we will make him swear on oath, we will subpoena the witness.

MR. MORROW: I think, my lord, that my friend already has subpoenaed the witness that I have in mind.

MR. MORROW: Who is it? I want to know if there is any secret about this thing; I am not searching for any position. Who is the witness you have got in mind?

MR. MORROW: I do not like to make a statement unless I know some more about it than I do know and unless his lordship asks me I won't say any more.

THE COMMISSIONER: Do I understand you to say, Mr. Morrow, that [illegible] whom you intend to question on that point?

MR. KELLOCK: Yes.

THE COMMISSIONER: Who is that?

MR. KELLOCK: I understand he is a buyer for Henry Morgan & Company.

MR. McRUER: I have more than subpoenaed him. I have got him in court.

MR. KELLOCK: My information may be wrong. That is why I did not like to say it.

(page 6860 follows)

Q. My friend was asking you a number of questions about the desirability of having imported material from the standard of selection and one can quite understand that and you told my friend that you were not looking for any large quantities of imports, you were just looking for some from the standpoint of variety? A. That is, from the standpoint of silks and rayon and omitting woolens, of course, from import.

THE COMMISSIONER: Q. There are many woolens imported? A. There are quite a few woolens imported.

MR KELLOCK: And I think you intimated to my friend that speaking to your interests from that standpoint, the standpoint of style, you are willing to pay more? A. Yes sir.

Q. And I suppose it is also obvious that if those imports are sold at a cheaper price than the domestic product of the same quality, then people are apt to buy the imported material?

THE COMMISSIONER: Where are the woolens imported from? A. From Great Britain.

MR. KELLOCK: Then on the question of the variety, does that apply to the mail order business or does that apply to the retail over the counter business? A. Well, I am afraid I am not familiar with the mail order business.

Q. I understand that your view is that the Japanese material that you bought this year is not

Q. My friend was asking you a number of questions about the desirability of having imported material from the standpoint of selection but one can quite understand that had you told my friend that you were not looking for any large quantities of imports, you were just looking for some from the standpoint of variety ... that is, from the standpoint of silks and rayon and omitting woolens, of course, from import.

THE COURT: Do you think any woolens imported? A. There are quite a few woolens imported.

MR. [illegible]: And I think you answered to my friend that speaking to your interests from that standpoint, the standpoint of style, you are willing to pay more? A. Yes sir.

. And I suppose it is also obvious that if these imports are sold at a cheaper price than the domestic product of the same quality, then people are apt to buy the imported material.

THE COURT: Where are the woolens imported from? A. [illegible]

MR. [illegible]: Then on the question of the variety, does that apply to the mail order business or does that apply to the retail over the counter business? A. Well, I am afraid I am not familiar with the MAIL ORDER BUSINESS.

Q. I understand that you live in Montreal but

of a very good workmanship? A. It is not satisfactory.

Q. And then you are not making further purchases of that on account of quality? A. We don't anticipate to.

Q. And have you ever been able to buy Japanese goods that were satisfactory from the standpoint of quality?

THE COMMISSIONER: You mean textiles?

MR. MULLOCK: Yes, my Lord.

THE WITNESS: I cannot remember that we have.

Q. Do you remember about 1930 or previous thereto? A. Yes.

Q. And were you able to get satisfactory merchandise, textiles then? A. I would say the merchandise was practically about the same type as we get at the present time, that we have received.

Q. That is, as far as your experience goes? A. Yes sir.

Q. You told my friend of a representative who had left for Japan in February - when would he arrive in Japan or was he going elsewhere as well? A. He was going to Toronto and Winnipeg and spending a certain amount of time there.

Q. Do you know when he would arrive in Japan? A. I could not tell you that.

MR. McRUER: Q. Any other body looking after your buying over there while he was in Canada - did

of a very good workmanship? A. It is not satisfactory.

Q. And then you are not making further purchases of that on account of quality? A. We don't purchase it.

Q. And have you ever been able to buy dresses made that were satisfactory from the standpoint of quality?

THE COMMISSIONER: You mean textiles.

MR. MACLEAN: Yes, my lord.

THE WITNESS: I cannot remember what we have.

Q. Do you remember about 1930 or previous thereto? A. Yes.

Q. And were you able to get satisfactory merchandise, textiles then? A. I would say the merchandise was practically about the same type as we get at the present time, that we are replaced.

Q. That is, as far as your experience goes? Yes sir.

Q. You told my friend of a representative who left for Japan in February - when would he arrive in Japan or was he going elsewhere as well? He was going to Toronto and Winnipeg and spending certain amount of time there.

Q. Do you know when he would arrive in Japan? I could not tell you that.

MR. MACLEAN: Q. Are you fairly familiar with buying were there while he was in Canada - did

he have an assistant over there? A. No, sir.

MR. KELLOCK: Q. Then I wanted to ask you if you had seen any materials similar to Exhibit 400, but perhaps we have had that sufficiently answered. I just want you to look at these samples in Exhibit 400 and tell his Lordship if you had seen Japanese goods of that character before?

THE COMMISSIONER: Are these the samples sent over by Courtaulds?

MR. KELLOCK: Yes, my Lord.

A. (Witness looks through samples in Exhibit 400) No, sir.

Q. And would you look at Exhibit 146, had you known of goods of that character being manufactured in Canada? A. In this width?

Q. I am not speaking about width, just the quality. Would you look at the brocaded samples?

A. 36" in a similar fabric.

Q. So that when you told my friend that what you had bought this year in the 27" was of a class or kind not made in Canada, you had reference to the width? A. Yes.

THE COMMISSIONER: This last sample is the Canadian product, Montreal Cottons?

MR. KELLOCK: Yes, my Lord.

MR. McRUER: Q. The width is an important thing in your coming to decide whether fabric is of class or kind made in Canada? A. It is in

he have an assistant over there? A. No, sir.

MR. KANDOCK: Q. Then I wanted to ask you if you had seen any materials similar to Exhibit 400, but perhaps we have had that sufficiently measured. I just want you to look at these samples in Exhibit 400 and tell his Lordship if you had seen Japanese goods of that character before?

MR. [illegible]: Yes, my Lord.

A. (Witness looks through samples in Exhibit 400) No, sir.

Q. And would you look at Exhibit 146, had you known of goods of that character being manufactured in Canada? A. In this width?

Q. I am not speaking about width, just the quality. Would you look at the bracketed samples? A. 36" is a similar fabric.

Q. So that when you told my friend that what you had bought this year in the 27" was of a class or kind not made in Canada, you had reference to the width? A. Yes.

MR. COMMISSIONER: This last sample is the Canadian product, Montreal Cottons?

MR. [illegible]: Yes, my Lord.

MR. MORRER: Q. The width is an important thing in your coming to decide whether fabric is of class or kind made in Canada? A. It is in

in the piece goods business where the patterns usually call for 36-38" for silks and cottons or 54" for woolens.

MR. KELLOCK: Q. I overlooked apparently- referring to Exhibit 146- I see that those plain are 29½" width and this plain is 27".

MR. McRUER: That is in the grey, the plain.

MR. KELLOCK: Q. The fancy width is less I assume. Yes, width 27-28--of the brocade samples is 27-28? A. Yes.

Q. You did not know that was manufactured in Canada? A. No.

MR. McRUER: Q. In either widths? A. No sir.

BY MR. McRUER:

Q. I just want to get your view when we are looking at samples--taking these Japanese samples, Exhibit 128--are those the ones, 27" taffeta, that you bought? A. No sir, I did not buy plain.

Q. You just bought brocade? A. Plain satin.

Q. Did you have these offered to you? A. Yes.

Q. Why did not you buy them? A. Well, we considered at that time the brocades might be more suitable for our business.

Q. Well, any reason why you did not buy these taffetas, 128? A. No particular reason.

to the plan which contained many the pleadings generally and the [illegible] and [illegible] as [illegible] as well.

Q. [illegible]: [illegible] referring to Exhibit 146- I see that those plans are "[illegible] [illegible] [illegible] 2- 27".

A. Yes, sir: There is a: the grey, the pink.

Q. [illegible]: The heavy width is less I assume. Yes, width 27-28--of the brownie samples is 27-28?

A. Yes.

Q. [illegible] Canada? A. No.

Q. [illegible]: In either sid that [illegible] [illegible]

Mr. [illegible]:

Q. I just want to get your view when we are [illegible] [illegible] [illegible] [illegible] [illegible] bought? A. No sir, I did not buy plain.

Q. You just bought brownie? A. Plain [illegible].

Q. Did you have these offered to you? A. Yes.

Q. Why did not you buy them? A. Well, we considered at that time the brownie might be more suitable for our business.

Q. [illegible] [illegible] [illegible] [illegible] believe, [illegible] [illegible] [illegible].

THE COMMISSIONER: He said he wanted brocades.

Q. What about the quality of those samples? A. They show streaks in the weave.

Q. They are defective? A. Which is a big disadvantage for dress purposes.

MR. McRUER: Q. Now, take for examples this brown one of Exhibit 146 and put that as a fabric alongside of these fabrics in Exhibit 128--are they such that they would sell in competition with one another. Take a woman coming into the store and she wanted to buy a dress, and we will say they are of equal price, would there be any chance of selling this one Exhibit 128 as against the 146?

A. Could I just see 146?

Q. I am talking about the brown one to begin with--what about them? A. I think the customer would prefer those, Exhibit 146.

Q. Take for example 128. Now, here is the thing here--an odd place in the weave--what do you call that? A. That is broken threads mostly.

Q. And there seems to be threads that stand out and show streaks--what about them? A. They look like a missing warp threads. I do not know whether they are or not.

Q. I was just wondering what a woman would want with a dress that is made with things like that in it?

Q. What about the quality of those samples? A. They show streaks in the warps.

Q. They are defective? A. Which is a big disadvantage for these purposes.

Mr. McTAGGART: Q. Now, take for example this brown one of Exhibit 146 and put that as a fabric alongside of these fabrics in Exhibit 148--are they such that they would sell in competition with one another. Take a woman coming into the store and she wanted to buy a dress, and we will say they are of equal price, would there be any chance of selling this one Exhibit 148 as against the 146?

A. Could I just see 146?

Q. I am talking about the brown one to begin with--what about them? A. I think the customer would prefer them, quality 146.

Q. Take for example 148. Now, here is the thing here--an odd place in the warp--what do you call that? A. That is broken threads mostly.

Q. And there seems to be threads that stand out and show streaks--what about them? A. They look like a missing warp threads. I do not know whether they are or not.

Q. I was just wondering what a woman would want with a dress that is made with stripes like 146 or 147?

THE COMMISSIONER: You are talking about sample 128.

MR. McRUER: Yes.

Q. What do you think about that? A. Well that is the objection we had to these fabrics.

MR. KELLOCK: Have you any Japanese samples of brocade for to show the witness?

MR. McRUER: I do not think we have any brocaded sample.

THE COMMISSIONER: Is not there some among those Australian samples?

MR KELLOCK: No, my Lord, I think not.

MR. McRUER: Q. It is difficult for me to understand a brocaded taffeta that is put forward here by Montreal Cottons as a fabric for manufacture and that I have not been able to find a buyer from Simpsons or Eatons yet that have ever heard of it. You are interested in brocaded taffetas - I wonder how it would be that you would all be missing this opportunity to buy that. Do not they send men around to canvass these stores? A. Yes sir.

Q. Go around to try and get orders for these goods and you were evidently in the market to buy brocaded taffetas, were not you? A. Well, we did not know, we had never seen that sample. At least I had never seen it. (Referring to Exhibit 146)

Q. I say you were in the market to buy brocaded taffetas whether you had seen these or not? A. Yes.

ROBT. BRYDIE
CERTIFIED STENOGRAPHERS
TORONTO - - -

Q. Because you bought some of the Japanese?

A. Yes.

THE COMMISSIONER: Cannot we find out to what extent those samples are known in the trade?

MR. McRUER: I am tryinghard to find out.

THE COMMISSIONER: I mean from those who produced them.

ALEXANDER FARQUHAR, sworn

EXAMINED BY MR. McRUER:

Q. Where are you employed? A. In Montreal with the Henry Morgan Co.

Q. You are a buyer? A. Yes, buyer of several departments including the fabrics.

Q. And do you purchase rayon goods? A. Yes.

Q. And have you purchased any Japanese rayon in the year 1936? A. None at all.

Q. Now, have you had any offered to you?

A. I have naturally looked at samples. That is part of my job.

Q. Where did you look at the samples? A. In my office.

Q. Travellers come around trying to sell them to you? A. Yes.

Q. And why did not you buy? A. For several reasons.

Q. You might have some of them? A. One of

Q. Because you bought a lot of the Japanese?

A. Yes.

THE COMMISSIONER: Cannot we find out to what extent those samples are known in the trade?

MR. MCLEAN: I am indebted to Film Ltd.

MR. COLLIER: I mean from the re-sale trade.

/ Examined by Mr. McLean.

EXAMINED BY MR. MCLEAN:

Q. Where are you employed? A. In partnership with the Sarty Rayon Co.

Q. You are a buyer? A. Yes, buyer of several departments including the Textiles.

Q. Am I to you purchase rayon goods? A. Yes.

Q. And have you purchased any Japanese rayon in the year 1936? A. Long ago.

Q. Now, have you had any offered to you.

A. I have usually looked at samples. That is part of my job.

Q. Then did you look at the samples. A. In my office.

Q. Negotiations were around trying to sell them to you? A. Yes.

Q. Did you sell any? A. Yes, certainly.

Q. Your stuff was from Mr. Wood

them was that I had just returned from a three months buying trip in Europe and I had filled my requirements and another reason it seemed to me a little late for the class of goods I was being shown. Another reason was the time it would take to color up and have those things in stock.

Q. What do you mean by colour up? A. To colour up and have those shipped from Japan.

Q. What do you mean by the time it would take to do that? A. Well, today it has quite a lot to do with it. We must have colours very very soon, change of fashion and that sort of thing and--

Q. I just want to get the importance of that from the merchandising point of view - that colour is important? A. Very vital.

Q. And changes in stype and colour are important? A. Very.

Q. You will have a run on red and then they will switch on to sky-blue or robinegg blue and then switch on to something else? A. Yes.

Q. And does that have a bearing on where you buy the goods? A. On certain goods, yes.

Q. Why? A. Because if we don't have the colours that people want for thefashion of the moment at the time they want them then we might as well go out of business.

Q. Also is that something against the merchandising

mean was that I had just returned from a three months buying trip in Europe and I had filled my requirements and another reason it seemed to me a little late for the clothes of course I was buying shows. Another reason was the time it would take to color us and have those things in stock.

Q. What do you mean by colour up? A. To colour up and have those shipped from Japan.

Q. What do you mean by the time it was a take to do that? A. Well, today it has quite a lot to do with it. We must have colours very very soon, one use of fashion and that sort of thing and--

Q. I just want to get the importance of that from the merchandising point of view - what colour is important? A. Very vital.

Q. And changes in style and colour are important?

A. Very.

Q. You will have a man on red and then they will switch on to sky-blue or morning blue and then switch on to something else? A. Yes.

Q. And does that have a bearing on where you buy the goods? A. In certain goods, yes.

Q. Why? A. Because if we don't have the colours that people want for the fashion of the moment at the time they want them then we might be well in the [illegible].

Q. Is it true that [illegible] the [illegible]

of Japanese rayons in this market? A. Yes, from my point of view.

Q. Then did you go into the prices and consider what the cost would be laid down here with duty paid, etc.? A. Yes.

Q. What do you say as to the prices on them? A. The materials that I was looking at were, of course, quite varied. The low ones, of course, does not interest us at all. We are only interested in the higher class qualities of both rayons and all classes of fabrics but there were some very interesting numbers in the rayon I saw and it is just possible that I may bring some of those into our stock.

Q. You may bring some in? A. I may bring some in. It is difficult to say at the present moment.

Q. Now, from what you have been able to see, as far as your firm is concerned, have you any notion of switching from Canadian purchases into Japanese? A. Not at the present time but at the same time I have to hold my mind open. For instance, I have just had one experience. I left for England to buy certain fabrics, part of it is rayon and I carefully avoided buying them on the other side but two days after I came back I found the specific duty was taken off and I should have ordered them. So that we must stay alert

of top rose rayons in this market? A. Yes.

[illegible] yarn.

Q. Then did you go into the prices and consider what the cost would be if it were made in duty [illegible]? A. Yes.

Q. What do you say as to the prices on hosiery?

A. The materials that I was looking at were, of course, quite varied. The low ones, of course, does not interest us at all. We are only interested in the higher class qualities of both rayons and all classes of fabrics but there were some very interesting numbers in the rayon I saw and it is just possible that I may bring some of those into our stock.

Q. [illegible] A. I may bring some in. It is difficult to say at the present moment.

Q. Now, from what you have been able to see, as far as your firm is concerned, have you any notion of switching from Japanese production into Japanese? A. Not at the present time but at the same time I have to hold my mind open. For instance, I have just had one experience. I left for England to buy certain fabrics, part of it is rayon and I carefully avoided buying them on the other side but two days after I came back the specific duty was taken off and I should have ordered them. So that we must stay alert

in regard to what is on the markt at the present moment.

Q. You mean with the specific duty you could have bought them? A. Yes.

Q. And you say they are mixed fabrics? A. Yes.

Q. The specific duty applied very much stronger in the case of mixed fabrics than it did in pure. It was the same duty on mixed? A. Yes, but the fabrics I am referring to were quite heavy. I am referring to drapery fabrics particularly.

Q. But what I mean to say is this: as far as you see at the present time is there any idea on your part that you are going to swing away in any large degree from buying Canadian rayons to buy Japanese ? A. Not in any large degree, no.

Q. You may buy some? A. Yes.

Q. But you are not going to push the Canadian fabrics off the market with the idea of buying Japanese? A. No.

THE COMMISSIONER: Give me the percentages.

MR. McRUER: Q. What percentage of the rayons that you sell in your store have you imported? A. Take prior to January 1st, 1936? A. I should say less than 20%.

Q. Since January 1st have you been importing more - that is since the new agreement with the United States? A. No.

in regard to what is on the pad at the moment

Q. You mean with the exactly only you could say that?

A. Yes.

Q. Do you say they are mixed cotton?

A. Yes.

Q. The material you buy is a much attractive type of mixed fabrics than it did in June. It seems to come into popularity A. Yes, but the fabrics are colours, tones quite heavy. I am referring to grocery too too particularly.

Q. But what I am to say is this: as far as you see at the present time is there any idea on your part that you are going to swing away in any large degree from buying Canadian rayons to buy Japanese? A. Not in my large degree, no.

Q. You may buy some? A. Yes.

Q. But you are not going to push the Canadian fabrics off the market with the fact of buying Japanese? A. No.

THE COURT: Q. Do you be the passengers.

A. [illegible]

that you sell in Canada from you immediately - have you in [illegible] (?) [illegible] manufacture from Japan?

A. Since January 1st have you been importing more - that is since the new agreement with the United States? A. No.

Q. Your purchases have not increased from the United States? A. No.

Q. How is that? A. Well, you mention in the United States particularly.

Q. Well, there was a change on January 1st? A. We do not happen to buy rayon fabrics from the United States.

Q. Why don't you? A. Because we consider our type of business we have to go further afield for novelty merchandise. Our job is to search the world for novelty merchandise. We are not a volume house, and it is--

THE COMMISSIONER: Q. Where does that search bring you to? A. It takes me into England and Scotland and Ireland and Belgium and Germany and Czecho-Slovakia and Holland and France.

MR. McRUER: Q. Would that 20% that you import come largely from England or would it be spread over all these countries? A. Spread over.

Q. Spread pretty generally that you could not say a large portion came from any one country? A. That is right.

Q. I want to know if you know anything about a warehouse in Montreal from which one can go and order Japanese goods and get them delivered? A. I know of none.

Q. You do not know of any place where they are secreted about where we can go and place my orders?

Q. Your purchases have not increased from the United Kingdom? A. No.

Q. How is that? A. Well, you mentioned to the Union Stores particularly.

Q. Well, what was a [illegible]?

A. We do not happen to buy tea from importers from the United States.

Q. Why don't you? A. Because we consider our line of business so very, it is tied to which for novelty merchandise. Our job is to search the world for novelty items which sell. We are not a volume house, and it is--

Q. The usual thing: A. Once this has been [illegible] you'd.

Q. It [illegible] in Japan and Japan and Germany and Czecho-Slovakia and Holland and France.

Mr. Sommers: Q. Would that not just you import some in duty from England or would it be spread over all these countries? A. Spread over.

Q. Second quite generally that you said that duty is no position some from any one country?

A. That is right.

Q. I don't know if you can [illegible] a warehouse in Montreal from which one can go and order Japanese goods and get them delivered?

A. I know of none.

Q. You do not know of any place where they are selected about where we can go and place any orders.

A. No.

BY MR. KELLOCK:

Q. Have you in the past been able to buy Japanese goods which were satisfactory for your purpose? A. Do you mean from my past experience in Canada over a period of years?

Q. Yes. A. Oh, yes.

Q. How recently is that? A. Well, I have bought Japanese goods in quite a large way up until about five or six years ago.

Q. And were they satisfactory? A. Quite.

Q. And I judge, as you said, you only deal in high class merchandise, they must have been high class merchandise? A. Well, of course you are talking about a period of years. I have only been with Henry Morgan & Co. for about a year and a half. Previous to that I was with a company that probably did not have the percentage of high class merchandise we carry.

Q. Yes, but was it good merchandise? A. Yes.

Q. You say you bought quantities of them? A. Large quantities.

Q. Including rayons? A. No, notrayons. Yes, one number of rayons.

Q. And other textiles? A. Let me correct that. One number particularly a cloth, I think the position was 67% silk and 33% rayon.

Q. Have you in the past been able to buy Japanese goods which were satisfactory for your purposes? A. In my own line my great experience in Canada over a period of years.

Q. Yes. A. Oh, yes.

Q. How recently is that? A. Well, I have bought Japanese goods in quite a large way up until about five or six years ago.

Q. And were they satisfactory? A. Quite.

Q. And, I gather, as you said, you only deal in high class merchandise. Do you mean more than class merchandise? A. Well, of course you are talking about a period of years. I have only been with Henry Morgan & Co. for about a year and a half. Previous to that I was with a company that probably did not buy the percentage of high class merchandise we carry.

Q. Yes, but was it good merchandise? A. Yes.

Q. You got you bought quantities of linen?

A. Large quantities.

Q. Including rayon? A. Oh, certainly. Yes, one number of rayons.

Q. And other textiles? A. Let me correct that. And as far specifically, I think the quality and the price are the rayon.

Q. And why did you discontinue? A. Because of the high tariff, and because the Canadian mills were catering and making those types of fabrics, or fabrics that took the place of those that we were bringing in.

Q. The tariff came along and boosted the price of the importations, and you found that you could then buy in the domestic market? A. That is right.

BY MR. McRUER:

Q. Had the Canadian mills not been producing those goods at that time? A. Well, previous to that they were;not to the same extent as they are today.

Q. As a matter of fact,the rayon business has changed a very great deal in the last five years? A. Undoubtedly.

BY MR. ELLLOCK: Q. Now, Mr. Farquhar, do you know Greenshields, and Hodgson and Pacine? A. Yes.

Q. You know that business? A. Yes.

Q. And can you buy Japanese textiles from them to-day? A. That I cannot say.

Q. You don't know? A. No, I don't know.

Q. So far as you know, they may have a stock of goods on hand? A. Yes.

Q. Now, from the standpoint of the supply of those goods, you spoke about the rapid change in styles, and so on. What do you say as to the diversity in style of the fabrics manufactured in Canada. Is it not a very wide range continuously? A. Well, I can say to that, I think, that if I was going to

Q. Railway did you discontinue? A. Because of the plan again, and because the dumping ship was damaged and needing some kind of repairs.

Q. Dumping and unloading these kinds of barges? A. Yes.

Q. The tariff case alone has boosted the price of the importations, and you found that you could then buy in the domestic market? A. That is right.

Q. And the Canadian mills not been producing those goods at that time? A. Well, previous to that time; not to the same extent as they are today.

Q. As a matter of fact, the rayon business has changed a very great deal in the last five years?

A. Undoubtedly.

BY MR. MILLOCK: Q. Now, Mr. Perquin, do you know Greenhalgh, and Hodgson and Teal? A. Yes.

Q. You know that business? A. Yes.

Q. And can you buy Japanese textiles from them to-day? A. That I cannot say.

Q. You don't know? A. No, I don't know.

Q. Do you know if you have any kind of stock on hand? A. Yes.

Q. Now, from the standpoint of the supply of these goods, you spoke about the supply being in Italy, and so on. What do you say is the diversity in style of the fabrics manufactured in Germany. Is it not a very wide range manufacturally? A. Well, I did not see that, I think, when I was going to

put in all the ranges that are put out in Canada to-day I am afraid I would have to increase my department a whole lot.

Q. Well then, it is true that there is a very wide range of fabrics and style of fabrics produced right in Canada? A. Yes, a very wide range.

Q. And when you speak about getting importations, from the standpoint of increasing them, that is to cater to the taste of people who are willing to pay enough to over leap almost any tariff that might be found necessary to put on to keep foreign goods out? A. It is a question of us keeping just ahead of the fashion a little bit. We go to the market direct to get stuff that is being created.

Q. Stuff that is being created in Canada as well as stuff that is being created elsewhere?
A. When I say "created" I mean created. I don't mean an imitation of a creation that has taken place.

Q. No, no, but are there not new styles of things being produced in Canada from time to time? A. Yes.

Q. Well, when you say keeping ahead, you mean getting something that is different? A. Yes, right from the style centre, from the time it comes out, yes.

Q. Well then, when were you approached to buy Japanese goods in 1936? A. Roughly about a month ago.

Q. About a month ago? A. Yes.

Q. And at that time you say you had bought?
A. Yes.

Yes in all the cases that are quoted in terms to-day I am sorry I have to leave to business investment a whole lot.

Q. Well then, it is true that there is a very wide range of tastes and style of fashion produced right in Canada? A. Yes, a very wide range.

Q. And when you speak about getting importation, from the standpoint of increasing them, that is to enter by the back-door people who are adding to pay enough to over long almost any tariff that might be found necessary to put on to keep foreign goods out? A. It is a question of us keeping just around or the fashion a little bit. We go to the market direct to get stuff that is being created.

Q. Stuff that is being created in Canada as well as stuff that is being created elsewhere?

A. When I say "created" I mean created. I don't mean an imitation of a creation that has taken place.

Q. No, no, but are there not new styles of things being produced in Canada from time to time? A. Yes.

Q. Well, when you say keeping abreast, you mean getting some thing that is different? A. Yes, right from the style centre, from the time it comes out, yes.

Q. Well then, when were you approached to buy Alexander goods in 1926? A. Nearly about a month ago?

Q. About a month ago? A. Yes.

Q. Well, at that time you say you had

A. Yes.

Q. And that when you are ready to buy you say you might in some of those styles that are shown to you? A. Yes.

Q. Well, I suppose it gets down to the question of price if the quality is equal? A. Speaking from my own point of view, from my own business--

Q. If the price is sufficiantly satisfactory, I suppose, otherwise you would not be able to keep in business, of course, if you did not buy? A. Well, price enters so little into our type of business.

Q. Your customers don't care what they buy? A. Well, a lot of them don't, anyway.

Q. Well, that is a very happy position to be in. A. Oh, I don't know.

MR. KELLOCK: That is all, thank you.

BY MR. McRUER:

Q. As I und erstand it, it is a very important thing that you should get prompt delivery of styles that you want? A. Yes.

Q. And not have to send to Japan for them? A. In style merchandise, yes.

MR. McRUER: All right, thank you. That is all.

THE COMMISSIONER: Well, we will resume here on Monday at 10 o'clock.

-- The Commission adjourned at 1.15 P.M. Saturday, 13th June, 1936, to resume on Monday, 15th June, 1936, at 10 A.M.

Q. And that when you are ready to buy you say you might in some of those styles that are shown to you? A. Yes.

Q. Well, I suppose it gets down to the question of price if the quality is equal? A. Speaking from my own point of view, from my own business--

Q. If you were in [illegible] business, I suppose, otherwise you would not be able to keep in business, of course, if you did not buy? A. Well, price enters so little into our type of business.

Q. That [illegible] A. Well, a lot of them don't, anyway.

Q. Well, that is a very happy position to be in.

A. Oh, I don't know.

MR. MILLOCK: That is all, thank you.

BY MR. MONTGOMERY:

Q. As I understand it, it is a very important thing that you should get prompt delivery of styles that you want? A. Yes.

Q. And not have to send to Japan for them?

A. In style merchandise, yes.

MR. MONTGOMERY: All right, thank you. That is all.

THE COMMISSIONER: Well, we will resume here on Monday at 10 o'clock.

-- The Commission adjourned at 1.15 p.m. Saturday, 14th June, 1936, to resume on Monday, 15th June, 1936, at 10 a.m.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

F I F T I E T H D A Y

(June 15, 1938)

Robert Brydie,
Official Reporter,

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee of Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cottons Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

[illegible]

[illegible] Commissioner,

[illegible]

[illegible]

[illegible] K.C. and [illegible] K.C.	[illegible]
[illegible] K.C. and [illegible] K.C.	For [illegible] Commission of Primary Textile Industries.
[illegible] K.C. [illegible] Construction, K.C. and C.F. Bellamyre,	For [illegible] and Northern Cotton Mills Limited.
[illegible] K.C.	For Courtaulds Limited,
[illegible] K.C.	For Canadian Celanese Limited, and Dominion Silk Products Limited.

Montreal, P.Que.
15th June, 1936

-- The Commission resumed at 10 A.M.

--

MR. McRUER: I understand Mr. Heward wishes to make an application, my lord.

THE COMMISSIONER: All right, Mr. Heward.

MR. HEWARD: May it please your Lordship: on Friday and Saturday the question of whether the brocaded taffeta was made in Canada came up, and some doubt was raised as to whether thesamples of Montreal Cottons' brocaded taffeta had ever been sold in Canada, or whether they were just samples that were dormant.

During the week-end, we have obtained copies of the orders for those goods which had been filed with Montreal Cottons, in 1934 and 1935, and up to March 31st, 1936,and I now make application to your lordship to file these as exhibits. I will put a witness back for a moment and do so, my lord.

THE COMMISSIONER: Very well, Mr. Heward. Who is the witness?

MR. HEWARD: Mr. Gordon, my lord.

--

G. BLAIR GORDON, Recalled,

EXAMINED BY MR. HEWARD:

Q. Mr. Gordon, I hand you this file containing a number of orders of the Montreal Cottons, Limited. Will you please state what they are and file them as

Montreal, P.Que.
10th June, 1958

-- The Commission resumed at 10 A.M.

MR. MORGAN: I am standing Mr. Howard wishes to make an application, my Lord.

THE COMMISSIONER: All right, Mr. Howard.

MR. HOWARD: May it please your Lordship: on Friday and Saturday the question of whether the proceeds tariffs was made in Canada came up, and some doubt was raised as to whether thousands of Montreal Cottons' proceeded tariffs had ever been sold in Canada, or whether they were just samples that were dumped.

During the week-end, we have obtained copies of the orders for those goods which had been filed with Montreal Cottons, in 1954 and 1955, and up to March 31st, 1956, and I now make application to your Lordship to file these as exhibits. I will get a witness back for a moment and do so, my Lord.

THE COMMISSIONER: Very well, Mr. Howard. Are in the witness?

MR. HOWARD: Mr. Gordon, my Lord.

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3. MILLS GORDON, Sworn:

EXAMINED BY MR. HOWARD:

Q. Mr. Gordon, I hand you this file containing a number of orders of the Montreal Cottons, Limited. Will you please state what they are and file them as

exhibits? A. This folder includes --

THE COMMISSIONER: What exhibit number is it? Are these new exhibits?

MR. HEWARD: These are new exhibits, my lord.

THE WITNESS: This folder encloses the actual orders received by Montreal Cottons, Limited, for Vz-75 27-inch, in the years 1934 and 1935, and up to date in 1936, - a complete record of the orders received. For example, taking the first ones which I have here in my hand, it shows that on March 28th, 1935, Mail Order No. C-1845, T.Eaton Co. Limited, Department S-501, of Saskatoon, placed an order for 12 pieces of brocaded taffeta.

BY THE COMMISSIONER: Q. What does "12 pieces" mean? A. They are very likely 30-yard pieces. I do not know if that is specified directly on the order. It depends on whether it is the mail order Department, or the Counter Goods Department, that is ordering, as to whether they take 30-yard pieces, or longer.

Q. 30-yard pieces or what? A. 30-yard pieces, or longer. The Mail Order Department take longer piedes than the Counter Goods Department. And attached to the same clipping here are several orders from the T. Eaton Co. of Saskatoon, and Winnipeg, for the same goods.

The next order in this folder is the Robert Simpson Company, Limited,of Toronto, Department 365, Mail Order

[illegible]

[illegible]

THE COMMISSIONER: What exhibit number is it? Are these new exhibits?

MR. [illegible]: These are new exhibits, my Lord.

THE [illegible]: This ticket encloses the actual orders received by Montreal Cottons, Limited, for va-va-voom, in the years 1954 and 1955, and up to date in 1956, - a complete record of the orders received. For example, taking the first one which I have here in my hand, it shows that on March 8th, 1955, mill [illegible], [illegible], [illegible], [illegible], [illegible], of Moncton, placed an order for 12 pieces [illegible].

BY THE COMMISSIONER: Q. What does "12 pieces" mean? A. They are very likely 30-yard pieces. I do not know if that is specified directly on the order. It depends on whether it is the mail order [illegible], or the [illegible], [illegible] [illegible] ordering, as to whether they take 30-yard pieces, or longer.

Q. [illegible] given in [illegible]? A. [illegible] pieces, [illegible]. [illegible] [illegible] pieces than the Counter Goods Department. And attached to the same clipping here are several orders from the T. Eaton Co. of Saskatoon, and Winnipeg, for the same goods.

The last order in this letter is the Robert Simpson Company, Limited, of Toronto, Department 505, Mail Order

H-11, placed on August 1st, 1935, for a total of 10 pieces of brocaded taffeta, Vz-75.

The next are a group of orders placed by Sures Brothers Limited, Wholesale Department of Winnipeg. The orders start on November 20th, 1934, and there are six orders running right up to May 1 6th, 1936, all for the brocaded taffeta. In one or two cases, there are other lines included on the same order form; they do not really enter into the picture, they are cotton lines that happen to be on the same order.

The next are orders placed by A.J. Secord Company, 214 Westminster Avenue, Toronto.

BY MR. McRUER: Q. 214 Westminster Avenue, Toronto? A. Yes.

Q. That is the residential district? A. Well, that is what the order reads. It might run somewhere down from the north, if you get into lower Spadina.

Q. 245 Westminster Avenue? A. I don't know Toronto well enough to argue with you, Mr. McRuer.

Q. Well, it is one of the fairly high class residential districts of Toronto? A. You may have a manufacturer hidden in your district and don't know it.

These orders run from December 12th, 1934 up to January 17th, 1935, all for the brocaded taffeta.

BY MR. KELLOCK: Q. All 27-inch? A. Yes, these are all 27-inch right through. Another customer, The B.N. Bishop Casket Company, of Bishoptown, Quebec, a series of orders running from February 6th, 1935,

K-11, placed on August 1st, 1938, for a total of 10 pieces of brocaded taffeta, W-72.

The next are a group of orders placed by Burns [illegible] Limited, [illegible].

The orders start on November 8th, 1934, and there are six orders running right up to May 1 st, 1936, all for the brocaded taffeta. In one or two cases, there are other lines included on the same order form; they do not really enter into the picture, they are cotton lines that happen to be on the same order.

The next are orders placed by A.J. Second Company, [illegible].

Q. [illegible] Are [illegible] same, [illegible] Yes.

Q. What is the residential district? A. [illegible], that is what the order reads. It might run somewhere [illegible] from the [illegible], if you get into [illegible].

Q. 265 Westminster Avenue? A. I don't know [illegible] will [illegible] you, Mr. [illegible].

Q. Well, it is one of the fairly high class residential districts of Toronto? A. You may have a manufacturer hidden in your district and don't know it.

These orders, from December 12th, 1934 up to January 17th, 1935, all for the brocaded taffeta.

Q. [illegible] All W-[illegible] Q. Yes, these are all W-inch right through. Another customer, [illegible], [illegible] [illegible], of [illegible], [illegible], [illegible] at orders running from February 6th, 1934,

up to December 16th, 1935 ,

Then a series of orders of Garneau Limited, Department 2, City of Quebec, running from December 28th 1934, up to November 11th, 1935.

A series of orders from Dauvreau & Beaudry Limited, Department 3, Quebec, running from November 5th, 1934, up to April 9th, 1936.

BY MR. McRUER: Q. April 29th, 1936? A. Yes.

Q. I am glad of that? A. Well, they had to take what we had on order, we would not cancel.

A series of orders from John M. Garland Son & Co. Limited, Department D, Ottawa, funning from 14th May, 1935, to October 17th, 1935.

An order from A.B. Fisher, Toronto, January 14th, 1935.

Then an order from Thibodeau, Freres & Company, Quebec, February 8th, 1935.

THE COMMISSIONER: You do not need to read them all, Mr. Gordon, they will all go in as one exhibit.

THE WITNESS: Very well, my lord.

THE COMMISSIONER: That will be Exhibit 449.

EXHIBIT 449: Orders of VZ-75, received by Montreal Cottons Limited.

BY THE COMMISSIONER: Q. You want to show by that exhibit, that these goods might be termed goods of a kind made in Canada? A. I want to show, sir, that we have been making them for at least a year and a half.

Q. And you are still making them? A. We are

up to December 16th, 1955.

Then a series of orders of Dawson Limited, Department A, City of Quebec, running from December 16th 1954, up to November 11th, 1956.

A series of orders from Dawson & Bennett Limited, Department D, Ottawa, running from November 7th, 1955, up to April 9th, 1956.

BY MR. MONTGOMERY: Q. April 9th, 1956? A. Yes.

Q. I am glad of that? A. Well, they had to take what we had on order, we would not cancel.

A series of orders from Dawson & Bennett Limited, Department D, Ottawa, running from 16th May, 1955, to October 17th, 1955.

An order from A.R. Fisher, Toronto, January 16th, 1956.

Then an order from Thibodeau, Peters & Company, Quebec, February 8th, 1956.

THE COMMISSIONER: You do not need to read them all, Mr. Gordon, they will all go in as one exhibit.

THE WITNESS: Very well, my Lord.

THE COMMISSIONER: That will be Exhibit 449.

EXHIBIT 449: Orders of VM-76, received by Montreal Cotton Limited.

BY MR. COMMISSIONER: Q. You want to show by that exhibit, that these goods might be termed goods of a kind made in Canada? A. I want to show, sir, that we have been making, then you [illegible] a year and a half.

still shipping them; we are not producing them in the grey.

Q. You are not making them? A. We are finishing them.

Q. Finishing and shipping? A. Yes, finishing and shipping. I might say, your lordship, that the fact that there are orders from Eaton's and Simpson's, does not cast any reflection on the evidence of the men who gave evidence in the box, because they are in a particular department in their organization, and they cannot possibly know what is going on in other departments, or perhaps out in Saskatoon, or in their central buying office, even. It just happens that they were not aware of those particular facts.

BY MR. HEWARD: Mr. Gordon, you said that they were orders for VZ-75 brocaded taffeta, 27-inches wide? A. Yes. That is 29 inches in the grey, 27 inches finished.

BY THE COMMISSIONER: Q. Yes, 29 inches in the grey and 27 inches finished. A. That is right, my lord.

BY MR. HEWARD: Q. Is that the same class of goods that is shown as a brocaded taffeta, as part of Exhibit 146, Mr. Gordon? A. Yes, that is the same class of goods, - in fact, that is our line, that is actually a sample of our VZ-75.

BY MR. McRUER: Q. These are orders for VZ-75, are they? A. Yes, Mr. McRuer. I explained, however, that there are some other fabrics included

really analyzing them, we have not produced them in the court.

Q. You are not making that ... I am a finished-

BY MR. FRANKLIN: ... Mr. Yarmoloff, you are shipping. I might say, your lordship, that the fact that there are crosses from Saturday and Sunday's, does not cast any reflection on the evidence of the men who gave evidence in the box, because they are in a position or department in their organization, and they cannot possibly know what is going on in other departments, or perhaps out in Saskatoon, or in their central buying office, even. It just happens that they were not aware of those particular facts.

BY MR. HOWARD: Mr. Gordon, you said that they were always for 72-76 brownish mixtures, off-white, ...

A. Yes. That is 24 inches in the grey, 27 inches finished.

BY THE COURT REPORTER: Q. Yes, 29 inches in the grey and 27 inches finished. A. That is right, my lord.

BY MR. HOWARD: Q. Is that the same class of goods ... Yes, that is the same class of goods, - in fact, that is our line, that is actually a sample of our 72-76.

BY MR. HOWARD: Q. ... 72-76.

BY MR. ... Yes, Mr. Howard. However, that shade are some other fabrics including

on the order forms but VZ-75 appears in every one.

MR. McRUER: Very well.

MR. HEWARD: Q. I hand you another folder of orders - will you state what that is? A. This folder encloses orders for VZ-75 in the wider width - that is, 38" grey, 36" finish.

THE COMMISSIONER: Montreal Cottons again?

A. Yes sir, and those are clipped together by customers and shows orders booked in the years 1934, 1935 and 1936 up to date.

MR. HEWARD: That is up to May 31st? A. Yes.

EXHIBIT 450: Orders for VZ-75, 38" grey 36" finish, years 1934 up to date.

Q. I hand you another folder of orders - will you say what that is? A. This is to complete the record. This is not for brocade, this is for the plain taffeta, plain narrow taffeta RT-58.

THE COMMISSIONER: Q. Montreal Cottons again?

A. Yes, your Lordship.

Q. All these are rayon, I suppose? A. Yes, there is just this one particular taffeta - this is plain rayon taffeta.

MR. HEWARD: Q. Is this the same construction as the plain taffeta filed as part of Exhibit 146 and marked as RT-58? A. Yes.

Q. 29" rayon? A. 29" grey and 27" finish.

EXHIBIT 451: Plain narrow taffeta RT-58.

on the order form, but V2-75 appears in every one.

Mr. [illegible]: Very well.

Mr. [illegible]: I hand you another folder of orders - will you [illegible] say

5 folder envelopes orders for V2-75 in the wider width - that is, 38" grey, 36" finish.

Mr. [illegible]: Restored Saturday morning.

A. Yes sir, and those are clipped together by customers and shows orders booked in the years 1934, 1935 and 1936 up to date.

10 Mr. [illegible]: That is up to May 31st? A. Yes.

EXHIBIT 430: Orders for V2-75, 38" grey 36" finish, years 1934 up to date.

Q. I hand you another folder of orders - will

15 you say what that is? A. This is to complete the record. This is not for broadcast, this is for the plain taffeta, plain narrow taffeta M1-58.

Mr. [illegible]: M. [illegible] - 1?? Yes [illegible].

20 Q. All these are rayon, I suppose? A. Yes, there is just this one particular taffeta - this is plain narrow taffeta.

Mr. HOWLETT: Q. Is this the same correlation - the pl in taffeta filed as part of Exhibit 160 and [illegible]? A. Yes.

25 Q. 29" rayon? A. 38' grey and 27" finish.

EXHIBIT 431: Plain narrow taffeta M1-58.

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Q. I hand you another file of orders - will you state what they cover? A. The orders enclosed in this folder cover RT-58, 38" grey, 36" finish, which is the plain rayon taffeta in the wider width as made by Montreal Cottons.

EXHIBIT 452: Orders for RT-58, 38" grey, 36" finish plain rayon taffeta made by Montreal Cottons.

Q. That is rayon taffeta of the kind shown in Exhibit 146 plain but of a different width or is there anything in Exhibit 146 or the other exhibits, are the same width - of the plain I mean. A. This exhibit as handed to me does not include the wider width but the cloth is exactly the same apart from the widths.

Q. So that you have now filed orders for both widths? A. Yes. We can bring samples of the other widths if you wish.

Q. Now, I hand you another file of orders - what does that consist of? A. This folder encloses orders for VZ-106. This is another brocaded taffeta made by Montreal Cottons and of a different range of design and it was given a different range number for that reason but they are brocaded taffeta, the same basic construction as VZ-55 but of a different source of pattern. I think our sample attaches--

Q. You have attached sample in each case? A. Only one sample typical of the range. No, there

Q. I hand you another file of orders - will you state what they covers? A. The orders contained in this folder cover RT-88, 38" grey, 50" finish, which is the plain rayon taffeta in the wider width as made by Montreal Cottons.

5

EXHIBIT 486: Orders for RT-88, 38" grey, 50" finish plain taffeta.

Q. That is rayon taffeta of the kind shown in Exhibit 146 plain but of a different width or is there anything in Exhibit 146 or the other exhibits, are the same width - of the plain I mean. A. This exhibit as handed to me does not include the wider width but the cloth is exactly the same apart from the width.

10

15

Q. So that you have now filed orders for both widths? A. Yes. We can bring sample of the other width if you wish.

Q. Now, I hand you another file of orders - what does that consist of? A. This folder encloses orders for VA-100. This is rather broadcloth taffeta made by Montreal Cottons and of a different range of denier and it was given a different range number for that reason but they are broadcloth taffeta.

20

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Q. You have attached sample in each case? A. Only one sample typical of the range. No, there

30

is a group of samples typical of the range and colours.

Q. And what is attached to each of these samples this statement? A. That has worked out costs of manufacturing those goods at Montreal Cottons.

EXHIBIT 453: Orders for VZ-106, brocaded taffeta made by Montreal Cottons.

CROSS-EXAMINED BY MR. McRUER:

Q. Mr. Gordon, have you given us a statement of your sales of these brocaded goods?

A. Yes, Mr. McRuer:

Q. That is in - when was that put in? A. I think it was put in the last thing Thursday afternoon, if I remember right.

Q. Can you explain how it is that you do not appear to have made any sales to any of the large stores in Toronto or Montreal of these goods?

A. Well, I don't know.

Q. If they were goods that were meeting a public need and being supplied to meet that market in Canada, have you any explanation as to how it is that none of them seem to have been sold through any of the large stores in Toronto or Montreal, the two largest cities in Canada? A. I know one fact and that is, that our travellers in soliciting business on these

is a group of samples typical of the range and colours.

Q. And what is attached to each of these samples this statement: "That has worked out costs of manufacturing these goods at Montreal Cottons.

"Brocaded taffeta made by Montreal Cottons."

Q. Mr. Gordon, have you given us a statement of your sales of these brocaded goods?

A. Yes, Mr. Kemper:

Q. That is in - when was that put in? A. I think it was put in the last thing Thursday afternoon, if I remember right.

Q. Can you explain how it is that you do not appear to have made any sales to any of the large stores in Toronto or Montreal of these goods?

A. Well, - small sales.

Q. If they were goods that were meeting a public need and being supplied to meet that market in Canada, have you any explanation as to how it is that none of them seem to have been sold through any of the large stores in Toronto or Montreal, the two largest cities in Canada? A. I know one fact and that is, that our travellers in soliciting business on the

goods have been told that the price is too high in 1935, our price was too high.

Q. Did your price come down in 1936? A. Yes, we are trying to get rid of them.

Q. You are trying to get rid of them? A. Yes.

Q. Why are you trying to get rid of them? A. Well, because they are of no use to us in stock.

Q. So that what we have here is this situation apparently, Mr. Gordon - you say they are no use to you in stock - why? A. Well, they represent so much money tied up really.

Q. No doubt the money is tied up but you said you were trying to get rid of these goods, you brought down the price this year. Now, you discontinued producing them last September? A. Yes, practically last September.

Q. You discontinued producing them last September. Here is the situation, is not it, that in the year 1935 when you had the entire market as far as these goods were concerned at your disposal - there was no doubt about as far as Japan was concerned anyway that they could not get over the hurdle in the Fall of 1935? A. There was a little bit came in.

Q. Over surtax and everything? A. I could not speak about the surtax.

Q. Well, in the Fall of 1935 you were not producing this brocaded taffeta, you had concluded

goods have been told that the price in too high in 1935, our price was too high.

Q. Did your price come down in July?

A. Yes.

Q. Are trying to get rid of them.

A. Yes.

Q. Do you [illegible]?

A. Yes.

Q. Why are you trying to get rid of them?

A. Well, because they are of no use to us in stock.

Q. So that what we have here in this situation [illegible], Mr. Gordon - you say they are no use to you in stock - why?

A. Well, they represent so much money tied up really.

Q. No doubt the money is tied up but you said you were trying to get rid of these goods, you [illegible] have the [illegible] year. Are [illegible] producing them last September?

A. Yes, practically last September.

Q. You discontinued producing them last September. Here is the situation, is not it, that in the year 1935 when you had the entire market as [illegible] there was no doubt about or for as long as was concerned anyway that they could not get over the [illegible]?

A. There was [illegible] a little bit [illegible].

Q. Over sweter and everything?

A. I could not speak about the sweater.

Q. Well, in the fall of 1935 you were not [illegible] tailoring goods. You had concluded

as early as September to discontinue producing? A. Well, no, not to discontinue the line; we had run the looms off.

Q. You had run the looms off and were not producing it? A. That is correct. We had come to no conclusion as to our future.

Q. I wont ask you to predict what your future course might have been but that was the course that you had determined upon for the moment at any rate and that was, you were going to cease production? A. Yes.

Q. Then the situation in Canada was - you were apparently the only makers of it? A. I am not sure if my evidence on that point is absolutely correct the other day. Since I was in the box somebody reminded me that Canadian Cottons had also been in that field.

Q. Outside of what Canadian Cottons may have produced you were the only makers? A. I think a little made up in Toronto by that L & L Textiles who were the predecessors of Silks Limited but, as I said in my evidence, it is not a line that interests the regular silk manufacturers.

Q. Well, we can put it this way: That there were no substantial quantities being made except what you were making unless by CanadianCottons? A. Yes.

Q. And we will have Canadian Cottons show us what they did. Then in Canada your price was too

as early as September to discontinue production?

A. Well, no, not to discontinue the line; we had run the looms out.

Q. You had run the looms out and were not manufacturing?

A. That is correct.

We had come to no conclusion as to our future.

Q. I won't ask you to predict what your future course might have been but that was the course that you had determined upon for the moment at any rate and that was, you were going to cease production?

A. Yes.

Q. Then the alternation in Canada was - you were apparently the only source of it? A. I am not sure if my evidence on that point is absolutely correct the other day. Since I was in the box somebody reminded me that Canadian Cottons had also been in that field.

Q. Outside of what Canadian Cottons may have produced you were the only maker? A. I think a little made up in Toronto by that L & L Textiles who were the predecessors of Silks Limited but, as I said in my evidence, it is not a line that interests the regular silk manufacturers.

Q. Well, we can put it this way: That there were no substantial quantities being made except what you were making unless by Canadian Cottons? A. Yes.

Q. And we will have Canadian Cottons show us what they did. Then in Canada your price was too

high, at least for the ordinary large stores?

A. That is what our salesmen were told by the buyers.

Q. Then with your price too high and you having stopped production on the article--? A. That is, by those particular people. We were selling it, of course, as you can see by the record.

Q. You were trying to sell it at any rate and were selling some? A. Yes.

Q. I am just getting the point of view of the consumers of the Dominion of Canada--? A. No, I am giving you the reaction of the particular people you asked about, of certain buyers, not all of them.

Q. I do not think goods that could not move through any of the large stores of Toronto and Montreal--? A. Oh, but they were. You will have to look through there, you will see Dupuis and other stores using it.

Q. Well, we will see how much they used because we do not want any confusion about this. If you were supplying the consumers as the consumers desired it in 1935 - at any rate, the large departmental stores - Simpsons, Eatons and Morgans, Simpsons having two large stores including Eatons two large stores - not including the multitude of small stores throughout the whole of western Ontario? A. Well, Simpsons did buy it, to be strictly accurate.

Q. We will see how much Simpsons bought but the T. Eaton Company with stores in all the larger cities

Q. At least for the customer large enough.

A. That is what our salesmen were told by the buyers.

Q. Then with your price too high and you having stopped production on the article--? A. That is, by those particular people. We were selling it, of course, as you can see by the record.

Q. You were trying to sell it to any one and were selling some? A. Yes.

Q. I am just getting the point of view of the consumers of the Dominion of Canada--? A. No. I am giving you the reaction of the particular people you asked about, of certain buyers, not all of them.

Q. I do nothing goods that could not move through any of the large stores of Toronto and Montreal--? A. Oh, but they were. You will have to look through them, you will see Dupuis and other stores using it.

Q. Well, we will see how much they used because we do not want any confusion about this. If you were supplying the consumers as the co-operators desired it in 1930 - at any rate, the large departmental stores - Simpsons, Eatons and Loweens, Simpsons having two large stores including Eatons two large stores - not including the multitude of small stores throughout the whole of western Ontario? A. Well, Simpsons did buy it, to be strictly accurate.

Q. We will see how much Simpsons bought but the [illegible] with stores in all the larger cities

practically in the Province of Ontario, in western Ontario at any rate - having established a chain of what was called Canadian Departmental Stores Ltd.?

A. Yes.

Q. Now, the situation in 1935 was that your price was regarded by them as too high? A. By certain buyers.

Q. If goods were not going to be permitted to come into Canada to compete with those goods, what chance has the consumer got? A. Well, that is the opinion only of certain buyers who were looking after their own department. Perhaps they could not get a big enough market. They had their reasons for it.

Q. You stopped production because you were not making sales? A. No, we had stopped production because we had carried enough cloth on this particular line.

Q. Because it had not gone out at the price you were quoting? A. It was moving very well in 1935.

Q. Why did you reduce the price if it was going well? A. We did in 1935.

Q. You reduced price in 1936 because you wanted to get rid of it? A. Because we were up against Japanese competition.

Q. You just said: you will just take it at my

practically in the Dominion of Canada, in western Ontario at any rate - having established a chain of [illegible] stores throughout Ontario.

A. Yes.

Q. Now, the situation in 1925 was that your price was regarded by them as too high? A. By certain buyers.

Q. If goods were not going to be permitted to come into Canada to compete with these goods, what chance has the consumer got? A. Well, that is the opinion only of certain buyers who were looking after their own department. Perhaps they could not get a big enough margin.

Q. You stopped production because you were not making money? A. No, we had stopped production because we had carried enough cloth on this particular line.

Q. Because it had not been out at the price very well in 1925.

Q. Why did you reduce the price if it was going well?

Q. You reduced prices in 1926 because you wanted to get rid of it? A. Because we [illegible]

Q. You just [illegible] you will [illegible]

price or not get it at all. That was the situation the consumer was in in 1935? A. To answer your question, we are just getting into an economic argument - the same thing might apply to any line that might come in from Japan.

Q. I am talking about this particular line you are talking about. Brocades are the only ones that have been sold and they in only comparatively small quantities--?

THE COMMISSIONER: Japanese brocades.

MR. McRUER: Yes, Japanese brocades. We had the evidence of the buyers on that.

THE WITNESS: There are other lines referred to.

Q. But in that particular line of brocades the situation, as far as the consumer was concerned, he had to take the goods at the price that you put on them, which was regarded by the departmental stores as too high? A. No.

Q. And you were not able to sell at that price to consumer your production? A. No, the story is not that. We were trying to sell goods to the departmental stores, they were selling them to the consumer. Whether they can get a higher markup on the imported goods than they could with domestic goods in competition with the people handling them is really the point. What the consumer buys at is not the price we sell at, it is the price the stores sell at.

price or not, it is at all. That was the situation the consumer was in in 1932? A. To answer your question, we are just getting into an economic movement - the mass mining might supply the very line that might come in from Japan.

Q. I am talking about this particular line you are talking about. Dogskins are the only ones that have been sold and they in only comparatively small quantities--?

THE COMMISSIONER: Japanese dogskins.

A. Mr. [illegible]: Yes, Japanese dogskins. We had the evidence of the buyers on that.

Q. [illegible]: There are other lines referred to.

A. But in that particular line of dogskins the situation, as far as the consumer was concerned, he had to take the goods at the price that you put on them, which was regarded by the department stores as too high?

A. No.

Q. And you were not able to sell at that price to consumer your production? A. No, the story is not that. We were trying to sell goods to the departmental stores, they were selling them to the consumer. [illegible] on the imported goods then they could with domestic goods in competition with the people manufacturing there is really the point. What the consumer buys at is not the price we sell at, it is the price the stores sell at.

Q. You were able to dictate the price and you were dictating at such a high price the departmental stores could not sell them - that was the result?

A. I don't know when the buyers would not buy them--

Q. Are you making any money at the price you are selling them at now? A. No.

Q. Are you pledging your oath to that?

A. Well, I would rather-- It depends what you call making money.

Q. Well, you and I may have a different idea?

A. We may be saving money.

Q. But that is a little equivocal? A. I know but I am trying--

Q. I say,- are you not selling at a profit at the price you are selling at now? A. If the goods were takeninto inventory, if the particular goods we had on hand were goods taken into inventory at the end of December, we may still have got a little more than the inventory price for them. From bookkeeping entry were making profit, were not making profit over what it cost to produce them.

Q. Do not you take them into inventory at the cost of the goods? A. No, our inventories are carried at a fixed value. That is, we do not fluctuate the values up and down to the price of either raw cottons or rayon yarn.

Q. Tell me on what method you fixed your inventory? A. It is called on fixed

Q. You were able to dictate the price and you were dictating it even a little below the Canadian stores could not sell them - that was the reality

A. I don't know when the buyers would not buy them--

Q. Are you making any money at the price you are selling them at now? A. No.

Q. Are you planning your cash to meet

A. Well, I would rather-- it depends what you call making money.

Q. Well, you and I may have a different idea?

A. We may be saving money.

Q. But that is a little evasive? A. I know but I am trying--

Q. I say,- are you not selling at a profit at the price you are selling at now? A. If the goods were taken into inventory, if the particular goods we had on hand were goods taken into inventory at the end of December, we may still have got a little more than the inventory price for them. From bookkeeping entry were making profit, were not making profit over what it cost to produce them.

Q. Do not you take them into inventory at the market price?

A. No, we

inventories are carried at a fixed value. That is, we do not fluctuate the values up and down to the price of either raw cottons or rayon yarn.

Q. Tell me on what method you fixed your inventory? A. It is called on fixed

values.

Q. I know,- no matter what you call it - how is it you fix the value of the inventory for the purpose of your Balance Sheet? A. Well, it is fixed every quarter the same way.

Q. The same way - I want to know how it is fixed every quarter? A. I want to explain to you without being too abstruse or too involved: A basic value of the raw material is taken as level and to that is added cost of producing the goods without making any provision for profit, and that is done with each lot.

Q. Now, we will go step by step - the basic value of the raw material? A. Yes sir.

Q. How do you establish the basic value of the raw material? A. Well, would be added figure, say, of the cost of cotton, say 6¢ a pound - a value that the market has touched recently but does not very often go lower.

Q. You say your basic value is pretty low--? A. The market went lower than that just three years ago.

Q. But I am talking about establishing your value for inventory now. Are you prepared to do this: are you prepared to show to our accountant your values for inventory on those lines on which you filed the cost? A. Of course, he can see.

values.

Q. I know, - no matter what you call it - how is it you fix the value of the inventory for the purpose of your Balance Sheet?

A. Well, it is fixed every quarter in the same way.

Q. The same way - I want to know how it is fixed every quarter?

A. I want to explain to you without being too abstruse or too involved:

A basic value of the raw material is taken as level and to that is added cost of producing the goods without making any provision for profit, and that is done with each lot.

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A. Yes sir.

Q. How do you establish the basic value of the raw material?

A. Well, round be added figure, say, of the cost of cotton, say 6¢ a pound - a value that the market has touched recently but does not vary often so lower.

Q. You say your basic value is pretty low--?

A. [illegible]

Q. [illegible] value for inventory now. Are you prepared to do this: are you prepared to show to our accountant your values for inventory on those lines on which you filed the [illegible]

A. If you do, he can see.

Q. You have the inventory values on the lines on which you filed the costs? A. Yes sir.

Q. Because, you see, it is a very simple thing to store away a bit of good profits by undervaluation of inventory, is not it? A. Yes, but if you see it is undervalued constantly it does not work any differently, it is the level.

Q. There may be times when it is suitable to store away profits in an inventory and times when it is not so suitable and you agree? A. You will have to have your man look at that and determine.

Q. But some times you do value the inventory lower than at others? A. Well, the average works out lower sometimes, depends what you have in your inventory.

Q. Well, to get back to the cost that you have shown us: there is no doubt that your value for inventory will show a great deal lower than the cost you have submitted? A. I think it will be a little lower, I don't know how much because our prices have been reduced. That is my understanding.

Q. Come down this year? A. No, I am talking about VZ.

Q. No, I am talking about all other lines on which you have filed costs. I want to know if you can show me inventory value of all those lines?

Q. You have the inventory values on the lines on which you filed the costs? A. Yes sir.

Q. Because, you see, it is a very simple thing to store away a bit of good profits by undervaluation of inventory, is not it? A. Yes, but if you see it is undervalued constantly it does not work any differently, it is the level.

Q. There may be times when it is suitable to store away profits in an inventory and times when it is not so suitable and you agree? A. You will have to have your men look at that and determine.

Q. But some times you do value the inventory lower than at others? A. Well, he [illegible] have in your inventory.

Q. Well, to get back to the cost that you have shown me: there is no doubt that your value for inventory will show a great deal lower than the cost you have submitted? A. I think it will be a little lower. I don't know how much because our prices have been reduced. That is my understanding.

Q. Some more this year? A. No, I [illegible] Q.

Q. No, I am taking about all other lines on which you have filed costs. I want to know if you can show me inventory value of all those lines?

A. I think you will find that perhaps some cases even in 1935 we were selling those lines below our full cost of production costs.

Q. You were selling below full cost of production in 1935? A. Yes, I am talking generally of the rayon lines.

Q. The rayon lines were selling below what was shown to be your full cost of production in 1935? A. Yes.

Q. Were you making any money? A. I should say the full sale price. I had in mind when I said selling below I was thinking of the first sheet figures on our sheets when I was saying that. We were sellin at prices below those figures.

Q. I am getting it now. Well, those figures that you had shown as the cost of p oduction, would they be above or below the inv ntory value? A. You are back to inventories now?

Q. I am talking about inventory on the whole line. I thought you understood me to be speaking merely on those brocades - I am talking about inventory on the whole line? A. Our general practice as far as inventories are concerned is to take them at lower value than at fixed value, which is somewhat lower than we would sell the goods at in the ordinary course of business.

Q. Now, could you furnish us with table of what your inventory value was at the end of your

A. I think you will find that perhaps some cases
even in 1930 we were selling those lines below our
full cost of production costs.

Q. You were selling below full cost of production
in 1930? A. Yes, I am talking generally
of the rayon lines.

Q. You were also selling below full cost
known to be your full cost of production in 1930?
A. Yes.

Q. Were you making any money? A. I
should say the full sale price. I had in mind
when I said selling below I was thinking of the final
sheet figures on our sheets when I was saying that.
We were selling at prices below those figures.

Q. I am getting it now. Well, those figures
that you had shown as the cost of production, would
they be above or below the inventory value?
A. You are back to inventories now?

Q. I am talking about inventory on the whole
line. I thought you understood me to be speaking
merely on those breaches - I am talking about in-
ventory on the whole line? A. Our
general practice as far as inventories are concerned
is to take them at lower value than at fixed value,
which is somewhat lower than we would sell the goods
at in the ordinary course of business.

Q. Now, could you furnish us with table of
what your inventory value was at the end of your

fiscal year on those lines on which we have had costs filed? A. Yes.

Q. I think we will have to have that because it is kind of interesting to know if you say your costs of production are one thing but when you submit a Balance Sheet to the public that the inventory value of the goods don't represent the cost of production? A. Well, it does not. From an accounting standpoint does not make a bit of difference as long as you stick except insofar as your quantity varies. As long as you stick to your value, if your value steadily is kept at a steady figure, unless your inventories goes up and down it does not affect your profit margin.

MR. HEWARD: May I interrupt to ask you to give me a description of what you ask?

MR. McRUER: Inventory value on those lines on which cost of production has been submitted.

MR. HEWARD: As of what date?

THE WITNESS: It would be December 31st with the end of last fiscal year of Montreal Cottons.

MR. McRUER: Probably have December 1st, 1934s too.

MR. HEWARD: Of what?

THE WITNESS: All samples already been filed illustrating the cost, with costs attached.

MR. McRUER: Q. Then in addition to that I want your selling price of those lines? A. Yes.

first year on those lines on which we have had costs filed? A. Yes.

Q. I think we will have to have that issue in its kind of instructing to know if you say your costs of production are one thing but when you submit a balance sheet to the public that the inventory value of the goods don't represent the cost of production? A. Well, it does not. From an accounting standpoint does not make a bit of difference as long as you stick except insofar as your security varies. As long as you stick to your value, if your value steadily is kept at a steady figure, unless your inventories goes up and down it does not affect your profit margin.

MR. HOWARD: May I interrupt to ask you to give me a description of what you said?

Mr. [illegible] which cost of production has been mentioned.

MR. [illegible]: It would be December 31st with the end of last fiscal year of mentral bottoms.

MR. MOHYUK: Probably have December 1st, 1955 [illegible]

MR. [illegible]: Of what?

THE [illegible]: All examples already been filed [illegible] the cost, with costs attached.

MR. MOHYUK: Q. Then in addition to that I want your selling price of those lines? A. Yes.

Q. You will have no difficulty in giving me your selling price? A. Well, the selling prices are on the orders already.

Q. I mean on the orders of all these lines that have been filed. We have cost inventory and selling price, and we can see what they are?

A. Yes.

MR. HEWARD: Dominion Textiles and Montreal Cottons?

MR. McRUER: Yes.

MR. HEWARD: It will be a different date of Dominion Textiles.

MR. McRUER: Q. Well now, come back to this brocade that these buyers have said that they had never seen it or heard of it being produced in Canada. You have reduced your price. By how much did you reduce your price? A. Well, may I look at the file to see because I think it will show more clearly. Well, I am sorry these are not quite the same as our own confirmation of orders. This mill copy does now show the price on the confirmation as far as I can see.

Q. What is this then? A. This is the mill confirmation of the order.

Q. This is not the order? A. Yes, it is really the confirmation to that customer.

Q. But it is not the order that emanates from the customer? A. Well, there is another copy goes to the customer.

Q. You will have no difficulty in giving me your selling price? A. Well, the selling prices are in the guidance already.

Q. I mean on the orders of all these lines that have been filed. We have cost inventory and selling price, and we can see what they are?

A. Yes.

Mr. Hewitt: Dominion Textiles and Sorteel Hosiery.

Mr. Monteith: Yes.

Mr. Hewitt: It will be a different date of Dominion Textiles.

Mr. Gordon: Well sir, what does it take because many times buyers have said that they had never seen it or heard of it being produced in Canada. You have reduced your price. By how much did you reduce your price? A. Well, may I look at the file to see because I think it will show more clearly. Well, I am sorry these are not quite the same as our own confirmation of orders. This still copy does now show the price on the confirmation so far as I can see.

Q. Who is this from? A. This is the mill confirmation of the order.

Q. This is not the order? A. Yes, it is really the confirmation to that customer.

Q. Did it come by mail from someone from the customer? A. Well, there is another copy goes to the customer.

Q. He may phone in or put the order in in any way and you make these out and send a copy to him? A. Yes, and if he does not agree with it he would let us know.

Q. There would be something on it to show the price? A. There would be on the copy sent to him. Unfortunately these are mill prices and that may be entered in the ledger or different place. I cannot answer your question as closely as I would like to, but my recollection is that the price that we are trying to sell at now is between 19 and 20 cents a yeard and that we were trying to get, I think it was, about 21 or perhaps 21½.

Q. Well, why was it that you could not get this at a price that would sell generally so that it would produce it in quantities? A. It did sell generally, it was going to other wholesalers.

Q. It was not a success? A. Oh, yes it was, in its own field.

Q. But look, you did not produce any in 1934? A. We only started about here.

Q. 1934? A. There is it.

Q. This is 29"? A. That was the biggest selling line. No, it is not.

Q. You did not have any on sale of this at all until October 1934? A. We had produced it back in 1932 and then ran out of demands for

Q. He may phone in or put the order in in any way and you make these out and send a copy to him?

A. Yes, and if he does not agree with it he would let us know.

Q. There would be something on it to show the price?

A. There would be on the copy sent to him. Unfortunately these are mill prices and that may be entered in the ledger or different place. I cannot answer your question as closely as I would like to, but my recollection is that the price that we are trying to sell at now is between 19 and 20 cents a yard and that we were trying to get, I think it was, about 21 or perhaps 22.

Q. Well, why was it that you could not sell this at a price that would sell generally so that it would produce it in quantities?

A. It did sell generally. It was going to other wholesalers.

Q. It was not a success?

A. Oh, yes it was, in its own field.

Q. But look, you did not produce any in 1924? We only started about here.

Q. 1924?

A. There is it.

Q. When is 1927? - That was the biggest selling line. No, it is not.

Q. You did not have any on sale or this at all mill Delaware line?

A. We had [illegible]

It came in 1927 then ran out of demands for

a while and then came back again.

Q. Ran out of demand - just what do you mean by that? You mean that the trade did not want to buy any more at your prices? A. I don't know. They may have bought it from somebody else in that period.

Q. How was the consumers demand supplied - when you stopped producing it then he had to do without it or else import it over high duties - was that the situation? A. To go back to the beginning, as I understand it, in 1932 I think it was, either Eatons or Simpsons asked us if we would make this cloth.

Q. There was a demand for it then? A. Yes, and we started and made samples and showed them some goods in 1932 and then I don't know what happened, I cannot tell you at the moment but we did not apparently continue to produce it.

Q. Well now, the price that you were producing it at was evidently not low enough for it to be commercially profitable or they would have gone on with it. A. They may have gone to somebody else.

Q. Do you know of anybody else? A. I know Canadian Cottons were in the picture.

Q. Canadian Cottons were in the picture to the extent of making a few samples? A. No, I think they had regular productions too. I understand

in while and then come back again.

Q. Ran out of demand - just what do you mean by that? You mean that the trade did not want to buy any more at your price? A. I don't know. They may have bought it from somebody else in that period.

Q. How was the consumer demand supplied - when you stopped producing it then he had to do without it or else import it over high duties - was that the situation? A. To go back to the beginning, as I understand it, in 1928 I think it was, either Eatons or Simpsons asked us if we would make this cloth.

Q. There was a demand for it then? A. Yes, and we started and made samples and showed them some goods in 1928 and then I don't know what happened. I cannot tell you at the moment but we did not apparently continue to produce it.

Q. Well now, the price that you were producing it at was evidently not low enough for it to be commercially profitable or they would have gone on with it. A. They may have gone to somebody else.

Q. Do you know of anybody else? A. I know Canadian Cottons were in the picture.

Q. Canadian Cottons were in the picture to the extent of making a few samples? A. No, I think they had regular productions too. I understand

from my information that Canadian Cottons were a regular producer of this line.

Q. But you see on the whole principal that is involved in one branch of this investigation, this to me is very interesting, and that is, in 1932 you had a demand for a particular fabric of brocaded rayon and you made some samples up for a large institution like T. Eaton Company and then you did not go on with the production and unless we can find some other body filling the market, and we have not been able to find it through these companies--

THE COMMISSIONER: You mean some other Canadian Company?

MR. McRUER: Yes.

--Q. --we must assume that the consuming public had to go abroad to purchase it or do without it?

A. I think you will find if there was a demand at that time it was supplied.

Q. Why did not you go on and supply it?

A. I cannot say at the moment.

Q. Well then, the next step in the picture is this: that you entered the field again apparently in October 1934? A. Yes.

Q. And are these yards shown on here?

A. Yes, I understand they are yards.

Q. With 1,588 yards? A. In the grey.

Q. During the months of October, November and

from my information that Canadian Potatoes were a regular product of this line.

Q. But you see on the whole principal there is involved in one reason or some transportation, this to me is very interesting, and that is, it looks you had a demand for a particular kind of potatoes beyond and you made some samples up for a large institution like T. Eaton Company and then you did not go on with the production and unless we can find some other body filling the market, and we have not been able to find it through these companies--

MR. MACDONALD: You mean some other [illegible]

MR. McLEAN: Yes.

Q. --we must assume that the consuming public had to go abroad to purchase it or do without it?

A. I think you will find if there was a demand at that time it was supplied.

Q. Why did not you go out and supply it?

A. I cannot say at the moment.

Q. Well then, the next step in the picture is this: Did you entered the field again [illegible] in December 1944?

A. Yes.

Q. And are these yards shown on here?

A. Yes, I understand they are yards.

Q. [illegible] in the [illegible]

A. During the months of December and

December you evidently produced 8,935 yards?

A. Yes.

Q. In the year 1935 - well, I think your figures are wrong here some place? A. No, that is the brocade.

Q. Yes, but 1935 you have got production shown in December? A. Yes, it was the plain. That is the one you were looking at before, they were both on the same sheet. There is another sheet for the brocade.

Q. This is the plain I am looking at?

A. No, this is plain over here, RT-58.

Q. Is that of Montreal Cottons? A. Yes.

Q. Was that a plain rayon? A. Yes. That is one where they left off in October.

Q. That is Ming Toy? A. They are all Ming Toys.

Q. But the plain Ming Toy? A. Yes.

Q. And it had stopped in October? A. Yes sir.

Q. And then we get to RT-58 - 36" wide, it had stopped in September? A. Yes, plain.

Q. Then we get to the brocaded VZ-75, you evidently had ceased production in September and October and you produced 888 yards in November?

A. That is right.

Q. And 4,331 in December? A. Yes, 1935.

Q. And 419 in 1936? A. Yes, January.

Remember you evidently produced 8,388 yards?

A. Yes.

Q. In the year 1948 - well, I think your figures are wrong here some place? A. No, they is the product.

Q. Yes, but 1935 you have got production shown in December? A. Yes, it was the plain. That is the one you were looking at before, they were both on the same sheet. There is another sheet for the brocade.

Q. This is the plain I am looking at?

A. No, this is plain over here, KT-38.

Q. Is that of Montreal cotton? A. Yes.

Q. Was that a plain weave? A. Yes.

That is one where they left off in October.

Q. That is wing Toy? A. They are all Wing Toys.

Q. But the plain wing Toy? A. Yes.

Q. And it had stopped in October? A. Yes.

Q. And then we get to KT-33 - 38" wide, it had stopped in September? A. Yes, plain.

Q. Then we get to the brocaded VE-75, you evidently had ceased production in September and October and you produced 888 yards in November?

A. That is right.

Q. And 4,331 in December? A. Yes, 1938.

Q. And 415 in 1939? A. Yes, January.

Q. And then in April you resumed production again? A. Yes sir.

Q. Well now, that is amazing too? A. No, because that is going, as you will see from the orders, is going to people who have special designs and whom we have been making it for, such as the casket trade. The casket trade are very large users of that or substantial users of that type of cloth and we can make special designs for them if they ask us to.

Q. Well, in May, 630 yards? A. Yes, sir.

Q. Well, your total yardage that has been produced in this since you commenced production appears to be about 7,900 yards altogether? A. In those three.

Q. Altogether. About 58000 yards? A. Yes sir, that is in the narrow width.

Q. Well, it is about 65,000 in the wide widths? A. A. Yes.

Q. Involving altogether about how many dollars if you sold it all - how much a yard? A. You could take an average value, I think, of probably 21¢ a yard.

Q. Ab out $25,000. altogether? A. On that line.

Q. And t was a line that had not gone part cularly well, As a matter of fact I put this to you:

Q. And then in April you resumed production again? A. Yes sir.

Q. Well now, that is amazing too? A. No, because that is going, as you will see from the orders, to going to people who have special contracts and whom we have been making it for, such as the Army Navy. The Army truck cut two thousand yards of that or substantial users of that type of cloth and we can make special deliveries to them if they ask for it.

Q. Well, in May, 650 yards? A. Yes, sir.

Q. Well, your total yardage that has been produced in this since you commenced production appears to be about 7,900 yards altogether? A. In those three.

Q. Altogether. About 8000 yards? A. Yes, sir, that is in the neutral cloth.

Q. Well, it is about 8,000 in the wide width? A. Yes.

Q. Involving altogether about how many dollars if you sold it all - how much a yard? A. You could take an average value, I think, of probably $1½ a yard.

Q. So out $25,000. altogether? A. In that line.

Q. And it was a line that had not gone particularly well. As a matter of fact I put this to you:

If it was not for keeping out foreign competition and having rule as class and kind made in Canada you would not be making it at all? A. At the present time?

Q. Yes. A. Well, we are not making it.

Q. Well, you would not have made it at all other than just having it as a production on lines of that goods made in Canada? A. I don't think so. I don't know how the class or kind ruling applied to the fixed valuation, I don't know whether it made any difference.

THE COMMISSIONER: Q. According to what you say do I understand this: That to the best of your knowledge it is not a class or kind made in Canada today, is that right? You are not making it? A. It is still being sold by us. We are not weaving it in the grey.

Q. The question is making - it is not of a class or kind made in Canada today according to you? A. I find it hard to answer that. To the best of my knowledge we are not weaving, it is not being produced on our looms at the present time.

Q. Do you know of any other company that is producing it? A. I don't know. I don't know of anybody that is but that is not final. There may be, I don't know.

MR. McRUER: Q. There is just one thing more about this. As a matter of fact, did you know about a company known as the Dover Silks that ventured into this field for a while down at Dunfield?

5 A. I don't, I cannot place them at the moment. About what time?

Q. Oh, about 1932 or 1933 they ventured into this field, casket linings and they got a particular ruling from the Department that made it very diffi-

10 cult for the United States to sell in our market and then Dover went out of business completely, notwithstanding that they had excluded everybody but themselves? A. No, I don't know that.

15 I do know that those small companies very often get special rulings made that we cannot get made because of our size perhaps. I don't know of that particular one.

Q. You were not in the business of producing it?

20 A. Well, we did start in 1932 for these samples for either Simpsons or Eatons, I am not sure which it was.

Q. There is one question I want to ask you and

25 that is about Gauvreau-Desudry - I see that you made a shipment to them on the 29th of April, 1936, and that it is written by hand here, May 2nd, 1936 - Would that be the date of the shipment? A. Yes, that refers to the journal entry of the invoice.

30 Q. Oh, we have date booked here and date shipped

Q. There is just one thing more about this. As a matter of fact, did you know about [illegible] into this field for a while down at Wheelin?

A. I don't, I cannot place them at the moment. About what time?

Q. Oh, about 1932 or 1933 they ventured into this field, market timber and they got a particular ruling from the government that was a very big [illegible] for the United States to sell in our market and [illegible] notwithstanding that they had excluded everybody but themselves?

A. No, I don't know that. I do know that those small companies very often get special rulings made that we cannot get made because of our size perhaps. I don't know of that particular case.

Q. You were not in the business of producing in A. Well, we did start in 1932 for those samples for either Simmons or Eaton's, I am not sure which it was.

Q. [illegible] Yes in the year [illegible] that is about Canada-Security - I see that you made a shipment to them on the 26th of April, 1936, and that it is written by hand here, May 2nd, 1936 - would that be the date of the shipment? A. Yes, [illegible] entry of the invoice.

Q. Oh, [illegible]

May 1st stamped on here? A. Yes, apparently invoiced on May 2nd.

Q. I see they have on here "routing CNR Thursday sure," evidently Geauvreau-Beaudry were in a hurry to get it? A. Yes, probably their Japanese stuff had not come to hand in time.

Q. Do you know that? A. Well, I know they have shown our travellers several substantial quantities of Japanese goods in their warehouse in Quebec and I know that they did, we forced them - those goods that they tried to cancel them, shipped them back to us, the goods I was referring to in that letter the other day, and we shipped them back to them and they kept them the second time. It was one cancellation that was not effective. Since then they have placed 39 pieces with us I find, to fill in apparently.

Q. Whether filling in or not - you are drawing conclusions? A. Just as you saw there - rush. How many pieces are there?

Q. They evidently were not able to get them from Japan anyway? A. No, very apparently I should think probably.

Q. Quantity 14 pieces. Now, that is a new order, was not it? A. Well, I have a statement being made of all this; you asked for it. That may have been part of the 39 pieces I spoke about.

May let stamped on Mayor A. Yes.

apparently involved on my End.

Q. I see they have on here "Fronting ONR

Toronto Port", evidently Quarantine/Landing was

in a hurry to get it? A. Yes, probably

their departure stuff had not come to hand in time.

Q. Do you know that? A. Well,

I know they have shown our travellers several sub-

stantial quantities of Japanese goods in their

warehouse in Quebec and I know that they did, we

forced them - those goods that they tried to unload

them, shipped them back to us, the goods I was

referring to in that letter the other day, and we

shipped them back to them and they kept them the

second time. It was one consolidation that was

not effective. Since then they have placed 38 pieces

with us I find, to fill in apparently.

Q. Whether filling in or not - you are dealing

consistently? A. Just as you

there - rush. How many pieces are there?

Q. They evidently were not able to get them

free liquid payment? A. No, one

apparently I should think probably.

Q. Quantity 14 pieces. Now, that is a new order,

was not it? A. Well, I have a

statement being made of all this; you asked for it.

That may have been part of the 39 piece I spoke about.

Q. You made a suggestion just when I showed a little surprise when Mr. Heward was examining you - that this was part of order that had been cancelled or attempted to cancel it and you had held them to it - are you saying that now? A. I see there was shipment against both--

Q. Let us stick to this one? A. There were shipments - even although the order was taken perhaps back in last August, I think actually we were still forcing them to take delivery of it in this time.

Q. Was this a new order or was it one that was taken before January 1st, 1936? A. I cannot tell by looking at it here.

Q. You did have new orders from them since January 1st, 1936? A. Yes, for 39 pieces altogether.

Q. Well, 39 pieces of this was quite an order, was not it? A. Well, they have been placing much more substantial orders than that.

THE COMMISSIONER: Q. When did that order come, the 39 pieces? A. I don't know whether all at once or little bits as they needed it.

Q. In what months? A. I have to find out exactly.

Q. I thought Mr. McRuer had it there? A. We cannot tell from this whether this is a new order or whether it is a specification of an older order. That is the trouble at the moment.

Q. You made a suggestion just when I checked a little surprise when Mr. Howard was examining you - that this was part of order that had been cancelled or attempted to cancel it and you had held them to it - are you saying that now? A. I see there was delayed agreement both--

Q. Let me ask to take over? A. There delayed - even although the order was taken partyre back in last August, I think actually we were still forcing them to take delivery of it at this time.

Q. Was this a new order or was it one that was taken before January 1st, 1936? A. I cannot tell by looking at it here.

Q. You did have new orders from Lend Lease January 1st, 1940? A. Yes, for 39 pieces.

Q. Well, 39 pieces of this was quite an order, was not it? A. Well, they have been placing much more substantial orders than that.

THE COMMISSIONER: Q. When did that order come, the 39 pieces? A. I don't know whether all at once or little bits as they needed it.

Q. In last month? A. I have

Q. Just my question:

Q. I thought Mr. Hooper had it there?

A. We cannot tell from this whether this is a new order or whether it is a modification of an older order. That is the trouble at the moment.

MR. McKUR: Q. I notice there is something on here "price O.K." but it does not tell us anything about what the price was. Nothing in those figures that means price? A. No, those are the shades.

Q. That is 14 pieces that they got on the 29th of April. That is half as much as the T. Eaton Co. ordered altogether in their Saskatoon store?

A. You will notice an order there from Geavreau-Beaudry of 250 pieces towards the end of 1935 or the latter half of 1935.

Q. You had shipped 250 pieces to them? A. No, it was a placing order.

Q. If there are placing orders on those files I would like to have them? A. I may be mistaken.

Q. I do not think there are any 200 pieces?

A. No, that is only VZ-75 in that binder.

Q. That is the one I am looking at?

A. we shouldreally take the two binders together.

Q. I am going to look at Geauvresu-Beaudry and this too. Here is an order dated October 30th, 1935, for delivery on January 5th? A. Yes.

Q. And unless we have some prices written in and for VZ-75 we have 20 and 20 - that would be 20¢ a yard? A. I think that is what it would be, seems most logical, I could not be certain.

MR. MCKEE: Q. I notice there is something on here "price O.K." but it does not tell us anything about what the price was. Question by Mr. Vipond: that was a price? A. No, those are the prices.

Q. That is 14 pieces that they got on the 5th of April. That is half as much as the T. Eaton Co. ordered altogether in their Saskatoon store?

A. You will notice an order there from Gerverzu-Beaudry of 250 pieces towards the end of 1935 or the latter half of 1935.

Q. You had shipped 500 pieces to them? A. It was a placing order.

Q. If there are placing orders on those files I would like to have them? A. I may be mistaken.

Q. I do not think there are any 500 pieces?

A. No, that is only V2-75 in that binder.

Q. That is the one I am looking at?

A. We chronologically take the two binders together.

Q. I am going to look at Gervarzu-Beaudry and this too. Here is an order dated October 30th, 1935, for delivery on January 6th? A. Yes.

Q. And unless we have some prices written in and for V2-75 we have 20 and 20 - that would be 20¢ a yard? A. I think that is what it would be, seems most logical, I could not be certain.

Q. If we get the cost figure on this VZ-75 - that will be in 146. Which is that - 27"?

A. Yes, page 2, whatever shade that is.

Q. We will take them all, VZ. Total cost per yard shown on here after allowing -. . . You have an overhead in here and allowance for seconds and then the seconds, 3% again comes in. Seems to be two allowances for seconds? A. One is grey seconds, the other finished.

Q. Your cost here is 17.71 per yard?

A. In pastel shades.

Q. Now, that includes, you told us earlier when I examined you on these things, an allowance for interest and dividend and profit? A. Yes. We have this cost made up showing that, it was filed as an exhibit. It was with all the other costs drawn up in the same form of RA-1 and RA-2 in that group, shows what you are speaking of there.

Q. Now, can we tell which actual article it was? A. I would think that stroke 2/5 ~~five-pieces~~ pieces means five pieces of No.2 shade.

Q. What is 6/40? A. Those are lengths of the cut.

Q. French fold? A. That signifies the way the goods are put together, layered up.

Q. What was the nature of his trade, casket linings? A. No, Geauv reau-Beaudry

Q. If we get the cost figure on this VE-75 - that will be in 1[illegible]?

A. Yes, page 6, whatever shade that is.

Q. We will take them all, V[illegible]. Total cost per yard shown on here after allowing -. . . You have an overhead in here and allowance for seconds and then the seconds, 8% again come in. Seems to be two allowances for seconds?

A. One is grey seconds, the other finished.

Q. Your cost here is $17.71 per yard?

A. In metal shades.

Q. Now, that includes, you told us earlier when I examined you on these things, an allowance for interest and dividend and profit?

A. Yes. We have this cost made up showing that, it was filed as an exhibit. It was with all the other costs drawn up in the same form of RE-1 and RE-2 in that group, whatever what you are speaking of there.

Q. Now, can we tell which actual article it was?

2/5 five-pieces pieces means five pieces of No.2 [illegible].

Q. [illegible] ... Those are leadings of the cut.

Q. Tuscon Jolly?

A. That arrangi-ties the way the goods are put together, tapered up.

Q. What was the nature of the trade, general [illegible]?

A. Dress [illegible]

are handling these for distribution to the retail stores. He might sell some to the small manufacturer but chiefly I think for countre trade.

Q. Now, your total cost on the other shades, the dark shades, is shown here after allowing selling and discount and everything at 19;25 per yard? A. That is VX-75.

Q. Here we have VZ-75 in the white. The cost of this is 17.16. Now, that was the price apparently that these were being invoiced at to Beauvreau-Beaudry for in January 5th. Now, do not you think that 3¢ a yard is a very high margin over and above your cost when you have included in your cost profit, interest, dividend on the common stock? A. Well, I think, sir, you are assuming that that covers the white?

Q. Yes. A. You see, the spread on the white, it would be 2-3/4¢ on the white and it be less on the pastels and less on the dark shades.

Q. I have white right here, February 16th, 1935, it is stated to be white and there is five pieces here? A. Well, that is the shipment.

Q. I know, but there are five pieces? A. Yes.

Q. 40 yards to a piece? A. Yes, French fold.

Q. That would be 200 yards of that? A. Yes.

are handling these for distribution to the retail stores. So might sell some to the small manufacturer who's left: thing for counter trade.

Q. Now, you said that in the [illegible],

the dark shares, is shown here at 1.. allowing selling and discount and everything at 12.35 per yard?

A. That is 72-75.

Q. Here we have 72-75 in the white. The cost of this is 17.16. Now, that was the price apparently that these were being invoiced at to Gordon-Dunlop in January 5th. Now, do not you think that is a very high margin over and above your cost when you have included in your cost profit, interest, dividend on the common stock? A. Well, I think, sir, you are assuming that that covers the whole?

Q. Yes. A. You see, the [illegible] on the white, it would be 5-3/8 on the white and it be less on the [illegible] and less on the dark shades.

Q. I have write right here, February 16th, 1909. It is stated to be white and there is five pieces here? A. Well, that is the [illegible].

Q. I know, but there are five pieces? A. Yes.

Q. 40 yards to a piece? A. Yes, [illegible] [illegible].

Q. [illegible] [illegible]?

Q. And the price was $131.45? A. It looks as though that was probably the value of the shipment, yes. The e is no dollar sign.

Q. Just let us see how that works out. I do not think that can be it? A. No, I am afraid not. There must be something else.

Q. Must be something else in the shipment - you were not getting over 65¢ a yard? A. No, that does not show dollars actually. It looks like it. I can trace those for you.

Q. I want to see if I have any more prices on here. I want to look at some of theseothers and see if we have any prices. I think it would be interesting for us to have the copies of the actual invoices? A. Yes, I have them getting them out.

Q. Will you have them get out copies of the actual invoices? These purport to be orders but just let us have what the customer got on those things? A. The reason I did not bring them. The system up at Montreal Cottons is to use a big ledger and they copy several on the sheet and I am having those indexed so that we can get them quickly.

THE COMMISSIONER: When we get them attach them to these.

MR. McRUER: Q. So that we have the price per yard? A. I am afraid if you

Q. And the price was $1321.65? A. It looks as though that was probably the value of the equipment, yes. There is no dollar sign.

Q. Just let us see how that works out. I do not think that can be it? A. No, I am afraid not. There must be something else.

Q. Must be something else in the equipment - you were not getting over $ and a year? A. No, that does not show dollars actually. It looks like it. I can trace those for you.

Q. I want to see if I have any more prices on here. I want to look at some of these there and see if we have any prices. I think it would be interesting for us to have the copies of the actual invoices? A. Yes, I have them getting them out.

Q. Will you have them get out copies of the actual invoices. These purport to be orders but just let us have that the customer got on those things? A. The reason I did not bring them. The system up at Montreal Cottons is to use a big ledger and they copy several on the sheets and I am having those indexed so that we can get them quickly.

THE COMMISSIONER: When we get them attach them to these.

MR. MONTGOMERY: Q. So that we have the price on

want to get them we will have to get them out of the ledger because there would be several customers on the same page.

Q. Yes, get them out of the ledger. We have confirmation of the order but does not give the price per yard at which it was confirmed. We would like to have the price per yard at which they were confirmed, at which they were shipped. This is some actual sale? A. Those show they were shipped.

Q. Yes, but the only information we have not got is the price and what pieques my curiosity is whether you were selling them at 3¢ a yard more than the cost after providing for dividend and profit and bond interest and overhead and depreciation, etc.? A. Well, those jacquard lines are risky at the best of times.

Q. They may be a bit risky but you wont lose much if you lose the trade.

THE COMMISSIONER: Have you any more questions, Mr. Heward?

MR. HEWARD: No, my Lord.

(Page 6912 follows)

P. R. WATSON, recalled,

EXAMINED BY MR. McRUER:

Q. Mr. Watson, I was dealing with the reports that had been sent in by the Silk Association, by the members of the Silk Association to the secretary in the year 1935, and I think we were agreed that these reports showed that stocks on hand had piled up by the end of December, 1935 to a higher point than they had ever been before? A. That is right.

Q. Yes; now, there is one thing I want to discuss with you now and that is -- A. Are you finished with that, Mr. McRuer?

Q. Yes. A. Might I say from the exhibit that you put in, also the letter showing deliveries, doesn't that also bear out to some extent my statement that buyers' minds were in a quandary so that deliveries by month were lower in 1936 than 1935?

Q. Deliveries by months were lower in 1936 than 1935? A. Some of them in 1936 were.

Q. Oh yes, but -- A. And the total was lower.

Q. The total deliveries to customers? A. Yes.

Q. For the first five months of 1936?

A. Yes.

Q. Over all? A. Yes.

Q. Have been lower? A. Yes, than in 1935.

Q. Are you quite sure about that? A. Well, I attempted to look it up, I think that is so.

Q. Where did you get your figures? A. I took them down at the time you were reading them off.

Q. Because, I don't think -- A. It is entered

[illegible]

Q. Mr. Kenner, resuming.

EXAMINED BY MR. MORGAN:

Q. Mr. Kenner, I was dealing with the reports that has been sent in by the milk associations, by the members of the milk commission to you beginning in the year 1930, and I think we were agreed that those reports showed that stocks on hand had piled up by the end of December, 1929 to a higher point than they had ever been before.

A. That is right.

Q. Yes; now, there is one thing I want to [illegible] with you now and that is -- A. Are you familiar with that, Mr. Kenner?

Q. Yes. A. Didn't I say from the exhibit that you put in, also the letter showing deliveries, doesn't that also bear out to some extent my statement that buyers' minds were in a quandary as that deliveries by month were lower in 1929 than 1928?

Q. Deliveries by months were lower in 1929 than 1928? A. Some of them in 1929 were [illegible]

Q. Oh yes, but -- A. And the total was lower.

Q. The total deliveries to customers? A. Yes.

Q. For the first five months of 1929?

A. Yes.

Q. Over all? A. Yes.

Q. Have been lower? A. Yes, than in 1928.

Q. Are you quite sure about that? A. Yes, I attempted to look it up, I think that is so.

Q. Where did you get your figures? A. I took them down at the time you were reading them off.

Q. Because, I don't think -- A. It is [illegible]

as an exhibit.

MR. KELLOCK: Exhibit 436.

MR. McRUER: Let us see 436. A. If I remember the figures rightly the first couple of months right after --

THE COMMISSIONER: Perhaps Mr. Leyard will bring that out without loss of time.

MR. McRUER: I want to go on and deal with the question of the surtax.

THE COMMISSIONER: I mean, Mr. Kellock.

MR. KELLOCK: Yes, my lord.

BY MR. McRUER: Q. I want to deal with the question of the surtax. You were president of the Silk Association at the time the surtax went on?

A. No, sir.

Q. Were you not? A. No, sir.

Q. You were an executive? A. Yes, sir.

Q. You were a member of the tariff committee?

A. Chairman.

Q. Chairman of the tariff committee? A. Yes.

Q. The matter of the surtax in 1935 was one of probably great importance to the members of the Silk Association? A. That is right.

Q. Because the surtax applied to the raw silk?

A. That is right.

Q. And when the surtax once applied to raw silk then the 3% excise applied to it too? A. Right.

Q. So that you had 33-1/3% surtax and on topx of that 3% excise? A. That is right.

Q. On your raw silk; then, that was a matter of

as an exhibit.

MR. [illegible] MARSHALL: Sir.

MR. MORRIS: Let us see 485. A. If I remember the figures rightly the first couple of months right after --

THE COMMISSIONER: Perhaps Mr. Howard will bring that out without loss of time.

MR. MORRIS: I want to go on and deal with the question of the surtax.

THE COMMISSIONER: I mean, Mr. MARSHALL.

MR. MARSHALL: Yes, my lord.

BY MR. MORRIS: Q. I want to deal with the question of the surtax. You were president of the Silk Association at the time the surtax went on?

A. No, sir.

Q. Were you not? A. No, sir.

Q. You were an executive? A. Yes, sir.

Q. You were a member of the tariff committee?

A. Chairman.

Q. Chairman of the tariff committee? A. Yes.

Q. The matter of the surtax in 1920 was one of probably great importance to the members of the Silk Association? A. That is right.

Q. Because the surtax applied to the raw silk?

A. That is right.

Q. And when the surtax once applied to raw silk then the 3% excise applied to it too? A. Right.

Q. So that you had 33-1/3% surtax and on top of that 3% excise? A. That is right.

Q. On your raw silk; then, that was a matter of

some considerable consideration and discussion by the members of the Silk Association? A. I don't know as it was very much -- it was some concern but I don't know whether it was very much talked about or anything like that.

Q. Well, probably I could just run over with you some of the correspondence that took place at that time. Do you recognize Mr. Hallam's signature? A. Yes.

Q. This is a letter addressed to Mr. J. H. Marx, who was president of the Silk Association, was he not? A. No, I think he is chairman of the Broad Silk Section of the Silk Association.

Q. Now, this is dated July 27th, 1935, and it reads:

"Dear Mr. Marx:

Mr. Watson tells me he has suggested a meeting of silk users to discuss the Japanese surtax, and any action to be taken.

Attached are two letters to Col. Evans which take up two sides of this matter. Mr. Watson has copies."

Now, apparently you had suggested a meeting of the silk users to discuss this situation? A. After several had wanted to know what we were going to do about it.

Q. Now, I show you a copy of the attached letter that was addressed to Colonel Evans, and apparently a copy had been sent to you. Do you recollect the letter? It is a rather long one and I intend to read it to you? A. I am quite prepared to

the members of the Silk Association? A. I don't know as it was very good -- it was quite [illegible] but I don't know whether it was very much [illegible] [illegible] like that.

Q. Well, probably I could just run over with you some of the correspondence that took place at that time. [illegible]

A. Yes.

Q. This is a letter addressed to Mr. J. H. Mark, who was president of the Silk Association, was he not?

A. No, I think he is chairman of the Spread Silk Board or of the Silk Association.

Q. Now, this is dated May 8th, 1925, and it reads:

"Dear Mr. Mark:

Mr. Watson tells me he has suggested a meeting of Silk [illegible] to discuss the situation, and any action to be taken.

Attached are two letters to Col. Lyons which take up two sides of this matter. Mr. Watson has copies."

Now, apparently you had suggested a meeting of the Silk [illegible] to discuss this situation. [illegible] several had wanted to know what we were going to do about it.

Q. Now, I show you a copy of the attached letter that was addressed to Colonel Lyons, and apparently a copy had been sent to you. Do you recollect the letter? It is a rather long one and I intend to read it to you.

A. I do.

take it as a copy, sir.

Q. This is dated the 27th of July, 1935 --

THE COMMISSIONER: Are you putting the letter in?

MR. McRUER: Yes, my lord; I will put in the whole file.

THE COMMISSIONER: It is a letter from whom to whom?

MR. McRUER: Well, this is a letter from Hallam to Merx, dated the 27th of July, with a copy of a letter of Hallam to Evans attached.

THE COMMISSIONER: You better read it. It will be exhibit 454.

EXHIBIT 454: File of correspondence concerning Japanese surtax.

MR. McRUER: " Please accept my thanks for your letter of July 26th. This situation is causing us great anxiety because it is seriously affecting the situation of some forty mills. The question is what should be done, and what can be done?

Attached is a copy of the order-in-council. You will note it made no provision to exempt any product or manufacture of Japan; that is, it applies to raw silk. Also the wording does not limit the surtax to the products or manufactures of Japan which are imported direct; and the customs authorities interpret it as applying to any goods they can identify as being Japanese goods no matter how they enter Canada. This order, however, according to Ottawa, does not apply the surtax on goods knitted or woven from Japanese silk in countries other than Japan.

Turn it as a whole, etc.

Q. This is dated the 27th of July, 1938 --

THE COMMISSIONER: Are you putting the letter in?

A. MORRIS: Yes, my lord; I will put in the whole file.

THE COMMISSIONER: It is a letter from whom to whom?

MR. MORRIS: Well, this is a letter from Pelham to Mack, dated the 27th of July, with a copy of a letter of Pelham to Arons attached.

THE COMMISSIONER: You better read it. It will be exhibit 464.

EXHIBIT 464: File of correspondence concerning Canadian tariff.

MR. MORRIS: " Please accept my thanks for your letter of July 26th. This situation is causing us great anxiety because it is seriously affecting the situation of some forty mills. The question is what should be done, and what can be done?

Attached is a copy of the order-in-council. You will note it made no provision to exempt any product or manufacture of Japan; that is, it applies to raw silk. Also the wording does not limit the surtax to the products or manufactures of Japan which are imported direct; and the customs authorities interpret it as applying to any goods they can identify as being Japanese goods no matter how they enter Canada. This order, however, according to Ottawa, does not apply the surtax on goods knitted or woven from Japanese silk in countries other than Japan.

" My reason for writing you as I did was that it is extremely important to get a thorough grasp of all sides of the problem before making representations at Ottawa. I did it as much to clarify my own mind as to bring the points given to your attention for your consideration.

Do you think the situation mightbe summed up as follows:

(Subject to Correction)

(1) Raw silk is not produced in Canada.

(2) There is no exportable surplus of raw silk produced in Empire countries. On page 161 of 'Textile Fibres and Yarns, Resources of the Empire Series, London', it says: 'To all intents and purposes, the Empire produces no silk on a commercial scale.'

(3) Italian silk cannot be purchased and imported at anything close to the prices of Japanese raw silk and in any event is only suitable for a very few articles of manufacture.

(4) China silk has been practically out of the market for a long time for export to be manufactured in other countries as it was out of line with Japanese silk in regard to price and quality. Also it is only suitable for a very few articles of manufacture on modern high speed machinery.

(5) For the reasons given in 1, 2, 3, and 4 Canadian mills if they are to continue to use silk must buy Japanese silk whether there is a surtax or not and, therefore, this surtax

"My reason for writing you as I did was that it is extremely important to get a thorough grasp of all sides of the problem before making representations at Ottawa. I did it as most to clarify my own mind as to bring the points given to your attention for your consideration.

Do you think the situation briefly summed up as follows:

(Subject to correction)

(1) Raw silk is not produced in Canada.

(2) There is no exportable surplus of raw silk produced in empire countries. On page 101 of 'Textile Fibres and Yarns, Resources of the Empire Series, London', it says: 'To all intents and purposes, the empire produces no silk on a commercial scale.'

(3) Italian silk cannot be purchased and imported at anything close to the prices of Japanese raw silk and in any event is only suitable for a very few articles of manufacture.

(4) China silk has been practically out of the market for a long time for export to be manufactured in other countries as it was out of line with Japanese silk in regard to price and quality.

Also it is only suitable for a very few articles of manufacture on modern high speed machinery.

(5) For the reasons given in 1, 2, 3, and 4 Canadian mills if they are to continue to use silk must buy Japanese silk whether there is a duty or not and, therefore, this duty

"applied on a raw material will not change the channel of trade as would likely be the effect with a surtax on other raw materials.

(6) Mills manufacturing silk, weaving and knitting, accept orders ahead for their products and buy against these orders silk for future delivery. Some of the mills have sold as far ahead as the end of the year and will have to fill their contracts. In order to do so they must take in the Japanese silk they have contracted for in advance for future shipment or buy Japanese silk.

(7) For the reasons given in 5 and 6 the surtax will cause a substantial loss to mills in Canada without in any way penalizing Japan.

(8) The total amount of raw silk imported into Canada in fiscal year 1935 amounted to 2,692,693 pounds valued at $3,837,406. Roughly speaking, half of this silk is used by the hosiery manufacturers and half by the fabric manufacturers, with a certain amount used by the manufacturers of threads and twists.

The hosiery manufacturers cannot substitute any other fibre than silk in their product and must buy Japanese raw silk. The surtax will result in increasing the cost of silk hosiery, but will not penalize Japan in any way, because the hosiery men must continue to buy Japanese silk, except in so far as the increased price of their product will result in reducing sales and so

"spoiled on a raw material will not change the
channel of trade as would likely be the effect
with a duties on other raw materials.

(5) Mills manufacturing silk, weaving and
knitting, accept orders ahead for their products
and buy against these orders silk for future
delivery. Some of the mills have sold as far
ahead as the end of the year and will have to
their contracts. In order to do so they must
take in the Japanese silk they have contracted
for in advance for future shipment or buy
domestic silk.

(7) If the duties were lowered in U.S.A. the
will cause a substantial loss to mills in Canada
without in any way penalizing Japan.

(8) The total amount of raw silk imported into
Canada in fiscal year 1928 amounted to 8,000,000
pounds valued at $3,827,405. Roughly speaking
half of this silk is used by the hosiery manufac-
turers and half by the fabric manufacturers, with
a certain amount used by the manufacturers of
threads and twists.

The hosiery manufacturers cannot substitute
any other fibre than silk in their products and
in increasing the cost of silk hosiery, but
[illegible]
[illegible]
[illegible]
[illegible]

"reducing employment in Canada at the same time. Silk fabrics produced by weavers in Canada are in intense competition with fabrics produced of artificial silk. Indeed, many of the silk weavers also weave artificial silk fabrics. The surtax on Japanese raw silk will increase the cost of silk fabrics and upset the present balance between the two types of fabrics. The principle competitor of the silk fabric mills is a company that produced and weaves acetate yarn and which does not sell their acetate yarns to independent weavers."

Just by the way, Mr. Watson, the company referred to, of course, is the Celanese Company? A. I believe so.

Q."The silk fabric mill cannot import and lay down acetate yarns at competitive prices to this company. There would appear to be great danger that the surtax on Japanese silk would switch a considerable volume of fabric business from the independent weavers to the company which has a monopoly on the use of Canadian produced acetate yarns. It is contended by the one producer of viscose artificial silk yarns in Canada that viscose yarns are a satisfactory substitute for acetate yarns in weaving. The mills do not agree. Even if it were true, this producer is so busy that they cannot deliver at present."

Have you any idea who the producer of viscose artificial silk yarns in Canada was that was contending that viscose yarns are a satisfactory substitute for acetate

"reducing employment in Canada at the same time.

Silk fabrics produced by weavers in Canada are in increase competition with fabrics produced of artificial silk. Indeed, many of the silk weavers also weave artificial silk fabrics. The matter of Japanese raw silk will increase the cost of silk fabrics and upset the present balance between the two types of fabrics. The principle competitor of the silk fabric mills is a company that produced and weaves acetate yarn and which does not sell their acetate yarns to independent weavers."

Just by the way, Mr. Wilson, the company referred to, of course, is the Celanese Company? A. I believe so.

"The silk fabric mill cannot import and lay down acetate yarns at competitive prices to this company. There would appear to be great danger that the prices of Japanese silk would enable considerable volume of fabric business from the independent weavers to the company, which has a monopoly on the use of Canadian produced acetate yarns. It is contended by the one producer of viscose artificial silk yarns in Canada that viscose yarns are a satisfactory substitute for acetate yarns in weaving. The mills do not agree even if it were true, this producer is so busy that they cannot deliver at present."

Have you any idea that the production of viscose artificial silk yarns in Canada has been increasing that viscose yarns are a satisfactory substitute for acetate

yarns? A. Courtaulds being the producer I would imagine it would be them.

BY THE COMMISSIONER: Q. Who? A. Courtaulds being the only producer of viscose yarns.

BY MR. McRuer: Q. It must be them? A. It must be them.

Q. It goes on to say:

"Even if it were true, this producer is so busy that they cannot deliver at present. It will, therefore, be seen that the Japanese surtax on raw silk aggravates the situation of the independent weavers in regard to the artificial silk yarns."

I presume, Mr. Watson, that the independent weavers referred to are the silk weavers who were in competition with the Celanese Company? A. That is right.

Q. "(9) Semi-manufactures and manufactures produced from Japanese raw silk in countries other than Japan are not subject to the surtax under the order-in-council. There are a large number of Tariff Items where the rates are such that the increased cost of Canadian manufacture due to the surtax will turn business to other countries, with a consequent loss to employment in Canada. It does not seem sound Canadian policy to prevent Canadian workers manufacturing Japanese silk, and turning the business over to workers in other countries; this is penalizing Canadians and not Japanese."

I take it what is referred to here, Mr. Watson, is that the surtax did not apply to semi-manufactured goods and manufactured goods from other countries

yarns? A. Courtaulds being the producer I would imagine it would be them.

BY THE COMMISSIONER: Q. Why? A. Courtaulds being the only producer of viscose yarns.

BY MR. McGUIRE: Q. It must be them? A. It must be them.

Q. It goes on to say:

"Even if it were true, this producer is so busy that they cannot deliver at present. It will, therefore, be seen that the Japanese duties on raw silk aggravates the situation of the independent weavers in regard to the artificial silk yarns. I presume, Mr. Watson, that the independent weavers referred to are the silk weavers who were in competition with the Dominion Company? A. That is right.

Q. "(9) Semi-manufactures and manufactures produced from Japanese raw silk in countries other than Japan are not subject to the surtax under the order-in-council. There are a large number of textile items which the rates are such that the increased cost of Canadian manufacture due to the surtax will turn business to other countries, with a consequent loss to employment in Canada. It does not seem sound Canadian policy to prevent Canadian workers manufacturing Japanese silk, and transfer the business over to workers in other countries; this is penalizing Canadians and not Japanese."

I take it what is referred to here, Mr. Watson, is that the surtax did not apply to semi-manufactured goods [illegible] manufactured goods from other countries

although these goods had Japanese silk in them?
A. That is right, as at that time.

Q. At this time; so that if goods were partially manufactured in another country from Japanese goods they might be imported here without the surtax applying? A. That is right.

Q. But if you imported the silk to manufacture here the surtax applied? A. Yes.

Q. You say it didn't apply at this time; was there a change made later? A. I don't believe there was a change made but that was one of the ideas. That was one of the things discussed.

THE COMMISSIONER: Q. Supposing an American firm imported Japanese raw silk and then manufactured fabrics, was it put forward by this Association or by Mr. Hallam that that American product should be taxed as Japanese because it was made out of Japanese raw material? A. Do you want me to answer that, sir?

BY MR. McRUER: Q. Yes. A. We discussed that but I think to the best of my recollection nothing was every done about that. We discussed that; that was one of the things that we were afraid of

BY THE COMMISSIONER: Q. You never made any representations to the government about it?
A. No, I think the facts of the case are, sir, that we found we could get Chinese raw silk at competitive prices and we let it go at that.

Q. Well, it seemed to me from that letter as you read it that the desire of Major Hallm was that if a

although these goods had Japanese milk in them?

A. That is right, as at that time.

Q. At this time; so that if goods were partially manufactured in another country from Japanese goods they might be imported here without the surtax applying?

A. That is right.

Q. But if you imported the milk to manufacture here the surtax applied?

A. Yes.

Q. You say it didn't apply at this time; was there a change made later?

A. I don't believe there was a change made but that was one of the ideas that was one of the things discussed.

THE COMMISSIONER: Q. Supposing an American firm imported Japanese raw milk and then manufactured fabrics, was it put forward by this Association or by Mr. Hallam that that American product should be taxed as Japanese because it was made out of Japanese raw material?

A. Do you want me to answer that, sir?

BY MR. MONDAK: Q. Yes.

A. To discussed that but I think to the best of my recollection nothing was every done about that. We discussed that; that was one of the things that we were afraid of.

BY THE COMMISSIONER: Q. You never made any representations to the government about it?

A. No. I think the facts of the case are, sir, that we found we could get Chinese raw milk at competitive prices and we let it go at that.

Q. Well, it seemed to me from what I have read you read it that the feature of Major Mills was that if a

product was made in another country out of Japanese raw material it should be deemed to be a Japanese product and taxed accordingly? A. That is the idea we had, sir.

Q. But the order-in-council did not go that far? A. No.

Q. Never went that far? A. No. I think that letter, this letter from Major Hallam didn't have --

Q. From whom? A. From Major Hallam, I think that letter was written from the hosiery man's point of view, not from the weaver's point of view. I mean there are several points in it which I think will tend to prove that opinion.

MR. McRUER: Probably some time Mr. Hallam will explain what the point of view was.

BY THE COMMISSIONER: Q. Anyhow, his point of view apparently was not adopted by the trade because they did not act on it? A. That is right.

BY MR. McRUER: Q. Was representation made to Ottawa, though, to have the surtax applied? A. I don't believe so.

BY THE COMMISSIONER: I asked Mr. Watson that and he said he did not think so.

MR. KELLOCK: Give me the date of that letter again.

MR. McRUER: It is dated the 27th of July, 1935.

THE WITNESS: No, that is the first letter, I think.

BY MR. McRUER: Q. I think they are both the same date, yes. A. I am sorry.

We been

product are made in another country out of Japanese raw material it should be deemed to be a Japanese product and taxed accordingly? A. That is the law we had, sir.

Q. But the order-in-council did not go that far?

A. No.

Q. Never went that far? A. No.

I think that letter, this letter from Major McLean McLean's —

A. From whom? A. From Major McLean, I think that letter was written from the bonders' point of view, not from the weaver's point of view. I mean there are several points in it which I think will tend to prove that opinion.

MR. MORRIS: Probably some time Mr. McLean will explain what the point of view was.

BY THE COMMISSIONER: Q. Anyhow, his point of view apparently was not adopted by the trade because they did not act on it? A. That is right.

BY MR. MORRIS: Q. Was representation made to Ottawa, though, to have the surtax applied?

A. I don't believe so.

BY THE COMMISSIONER: I asked Mr. Larson that and he said he did not think so.

Q. MORRIS: Give me the date of that letter again.

MR. MORRIS: It is dated the 27th of July, 1928.

THE WITNESS: No, that is the first letter. I think

BY MR. MORRIS: Q. I think they are both the same date, are.

A. I am sorry.

4. I can probably get from the files at Ottawa any representations that were made. (Reads)

"I do not know whether I have covered all the points, possibly I have not as this is just a rough draft. If the situation, however, is reasonably as outlined, the question arises as to what representations should be made at Ottawa?

(a) Should we ask that raw silk imported via the United States be exempt from the surtax? This would prevent consumers having to pay extra for their silk goods and would have the artificial silk vs. silk situation as at present.

(b) Should we ask that bona fide contracts for raw silk be completed without surtax? Would this throw an unfair advantage to the mills that had bought ahead as against mills that had not bought ahead?

(c) Should we ask that lists of bona fide contracts taken by mills in Canada be listed as at say July 22nd, and they be allowed to import enough silk free of surtax to take care of these orders.

(d) Should we ask to be allowed to import artificial silk on some basis that would put the independent weavers on a reasonable footing with their main competitor and also let them get supplies of artificial silk which they cannot obtain in Canada?

These are only rough suggestions thrown off for examination. Ottawa informed me that nothing

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... I was probably got from the files at Ottawa any representations that were made. (Pause)

"I do not know whether I have covered all the points, evidently I have not as this is just a rough draft. If the statistics, however, is reasonably as outlined, the question arises as to what representations should be made at Ottawa?

(a) Should we ask that raw silk imported via the United States be exempt from the duty? This would prevent consumers having to pay extra for raw silk goods as would have the artificial silk vs. silk situation as at present.

(b) Should we ask that some time extension for raw silk be considered without duty? Would this throw an undue advantage to the mills that had bought ahead as against mills that had not bought ahead?

(c) Should we ask that like of some time extension taken by mills in Canada be listed as at May 2nd, and they be allowed to import enough silk free of duty to take care of these orders?

(d) Should we ask to be allowed to import artificial silk on some basis that would put the independent weavers on a reasonable footing with multi-mill concerns who have got supplies of artificial silk which they cannot obtain in Canada?

These are only rough suggestions thrown off for consideration. Ottawa informed me that it

"could be done until Mr. Bennett got back on July 30th."

Now, there is some correspondence that led up to that, my lord. I think I should put that in now. Have you got the full correspondence, Mr. Kellock?

MR. KELLOCK: I don't know, Mr. McRuer, whether I have or not. I have a copy of the letter you just read.

MR. McRUER: There were several other letters that apparently were written at the time that do not appear to be on the file that I have.

MR. BERRY: I haven't the complete file at all with me.

THE COMMISSIONER: Probably you can get them all, all the letters in regard to this subject.

MR. McRUER: At that time.

MR. KELLOCK: Is that what you asked me for on Saturday?

MR. McRUER: Yes.

MR. KELLOCK: I have already asked Mr. Berry to get that.

MR. McRUER: This is a copy of a letter from Mr. Hallam to Colonel Evans, Canadian T.S.F of Lyons, Limited, 366 Mayor Street , Montreal.

THE COMMISSIONER: What is the date?

MR. McRUER: It is dated the 25th of July, 1935.

"I have your letter of July 24th, re Japan and the surtax. We note what action you are taking."

Now, would you see if you can get that letter for me please, July 24th.

"could be done until Mr. Kennedy got back on July 6th."

Now, there is some correspondence that led up to that, my Lord. I think I should put that in now. Have you got the full correspondence, Mr. Kelloch?

MR. KELLOCH: I don't know, Mr. Morner, whether I have or not. I have a copy of the letter you just read.

MR. MORNER: There were several other letters that apparently were written at the time that do not appear to be on the file that I have.

MR. KELLY: I haven't the complete file at all with me.

THE CHAIRMAN: Probably you can get them all.

MR. MORNER: At that time.

MR. KELLOCH: Is that what you asked me for on Saturday?

MR. MORNER: Yes.

MR. KELLOCH: I have already made my inquiry in that.

MR. MORNER: This is a copy of a letter from Mr. Kellam to Colonel Evans, Quebec T.S.F. of Canada, Limited, 866 Bagot Street, Montreal.

THE CHAIRMAN: What is the date?

MR. MORNER: It is dated the 26th of July, 1940.

"I have your letter of July 24th, re Japan and the Curtax. We note what action you are taking.

Now, would you see if you can get that letter for me please, July 24th.

"This matter is being discussed with a number of the mills, but they feel that the fullest consideration should be given to the following points.

(1) If the Canadian government had agreed to the Japanese request for the abolition of the depreciated currency regulations on their products it would have meant very serious losses to the silk mills in Canada: broad silks, full fashioned hosiery, threads, ribbons, dyers, narrow fabrics. At present: The yen is valued at 49.85. Duty is collected on this basis. Dumping duty is collected on the difference between 49.85 and 29¢. If the Japanese demands had been met: The yen invoice would have been calculated at 29¢ per yen. The duty would have been collected on this value. No dumping duty would be collected.

The Canadian Government would not agree to do this in spite of the fact that Canadians shipping to Japan are faced with the loss of the following business: Wheat, per annum, $2,421,138; flour, $842,539; Fish, $504,402, Hides, $212.336, lumber, $2,972,348, pulp, $1,869,163, etc. etc.

(2) In view of the fact that these Canadian industries are facing this loss because the Canadian Government will not meet the wishes of Japan, it would appear to be up to the Canadian Government to do everything possible to make the Japanese Government stop and think before putting the 50% surtax on Canadian goods; as you are aware this is not in effect yet. The putting

"this matter is being discussed with a number of the mills, but they feel that the fullest consideration should be given to the following points.

(1) If the Canadian government had agreed to the Japanese request for the abolish on of the depreciated currency regulations on their products it would have meant very serious losses to the silk mills in Canada: broad silks, full fashioned hosiery, tussahs, ribbons, dyers, narrow fabrics. At present: The yen is valued at 49.85. Duty is collected on this basis. Dumping duty is collected on the difference between 49.85 and 29. If the Japanese demands had been met: The yen invoice would have been calculated at 29¢ per yen. The duty would have been collected on this value. No dumping duty would be collected.

"The Canadian Government would not agree to do this in spite of the fact that Canadians shipping to Japan are faced with the loss of the following business: Wheat, per annum, $2,421,1[illegible]; flour, $[illegible],839; fish, $204,402, hides, $212,[illegible]; lumber, $4,272,[illegible], pulp, $1,859,163, etc. etc.

(2) In view of the fact that these Canadian industries are facing this loss because the Canadian Government will not meet the wishes of Japan, it would appear to be up to the Canadian Government to do everything possible to make the Japanese [illegible] the 50% surtax on Canadian goods; as you are aware this is not in effect yet. The putting

"on of the surtax on Japanese goods other than raw silk would not be particularly effective, but as you are aware Japan is particularly touchy about any action which might result in developing the use of artificial silk as against Japanese silk, because their whole agricultural economy is based on farmers who farm part of the year and grow silk the rest.

(3) For these reasons is it not possible that the Government would reply to representations from the silk industry about as follows: 'What do you want, gentlemen? By refusing the Japanese demands in your interest we are causing heavy loss to a great many Canadian industries which shipped goods to Japan. Now you object because we have taken the only effective action we know to make Japan reconsider their decision. To do so is only fair to the Canadian industries which are having their exports to Japan cut off. Would you sooner have us do what Japan wants or do what we are doing? Take your choice.'

I am not saying that all this is sound, or that representations should not be made, but I certainly think that all sides of the picture should be examined before any representations are made as to losses which will be sustained by the silk mills. The farmers have told the Government they will lose $2,421,138 in wheat; the flour millers have told them they will lose $842,539 in wheat flour; the fisheries have

"on of the ex tax on Japanese goods other than raw silk would not be particularly effective, but as you are aware Japan is particularly touchy about any action which might result in curtailing her sale of [illegible] silk, whose prosperity and economy is based on farmers who farm part of the year and grow silk the rest.

(5) For these reasons is it not possible that the U.S. Government would reply to representations from the silk industry about as follows: 'What do you want, gentlemen? By reducing the Japanese demands in your interest we are causing heavy loss to a great many American industries which shipped goods to Japan. Now you object because we have taken the only effective action we know to make Japan reconsider their decision. To do so is only fair to the American industries which are having their exports to Japan cut off. Would you sooner have us do what Japan wants or do what we are doing? Make your choice.'

I am not saying that all this is sound, or that representations should not be made, but I certainly think that all sides of the picture should be examined before any representations are made as to losses which will be sustained by the silk mills. The farmers have told the Government they will lose $6,421,188 in wheat; the flour millers have told them they will lose [illegible]

"told them they will lose $504,402 in fish; the hide fellows have told them they will lose $212,336; the lumber people will lose $2,072,348 , and the pulp people $1,869,163.

I would appreciate your views."

Now, if Colonel Evans had any views I would appreciate them, Mr. Kellock.

MR. KELLOCK: I will get them.

MR. McRUER: This is a copy of a letter from the secretary, Mr. Hallam, to Mr. Berry, dated the 26th of July, 1935.

"Dear Mr. Berry: Re. Surtax Japan

The only point that does not seem clear is in regard to the treatment of the surtax in relation to the excise tax of 3%. Following is a wire I sent to the Commissioner of Customs:

'Three per cent excise imports foreign countries calculated on invoice value plus ordinary duty but dumping duty if any not added for excise computation stop Howx about surtax Japanese goods stop it would help us if it were ruled surtax not added invoice price for excise tax calculation stop please wire.'

The situation is as follows:

Direct import from Japan: At present an invoice of raw silk, if imported direct from Japan, for 1 yen is valued at 49.85 (the proclaimed value) and the 3% excise tax is charged on this value. As silk is of a class or kind

"Half-a-dozen firms will lose $404,402 in fish; the
fish-hatchery people will lose $4,000; the
lumber people will lose $6,070,000 ; and the
pulp people $2,500,000.

"Could government give relief?

Hon. If Colonel Ewart has any plan I would appreciate
hearing Mr. Hallett.

Mr. McLEAN: I will get them.

Mr. McGIBBON: This is a copy of a letter from the
secretary, Mr. Hallett, to Mr. Murray, dated the 22nd
of June, 1934.

"Dear Mr. Murray: Mr. Martin asks

the only point that does not seem clear is
in regard to the treatment of the surtax in
relation to the excise tax of 5%. Following
a wire I sent to the Commissioner of Customs:

"Does 5-per cent excise import tax(s)
countries calculated on invoice value plus
customs duty but duties, duty if any not
[illegible] for [illegible] and [illegible]
surtax levienne goods also if would help us
if it [illegible] [illegible] [illegible]
[illegible] value [illegible] [illegible]
[illegible]."

The wording is as follows:

"Could Canada [illegible] [illegible] as payment on
invoice of raw milk, if imported direct from
Canada. For I can be wired at 4-85 (the pre-
[illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible] [illegible]

"not produced in Canada no currency dumping duty is charged as between the proclaimed value of the yen and the exchange value. As raw silk is free, no duty is charged.

On raw silk which enters Canada direct after midnight August 4th, the 1 yen will be valued at the proclaimed value. Ottawa informs me that an Order-in-Council was passed on July 20th, making the proclaimed value of the yen 41.51 cents instead of 49.85 cents as heretofore.."

That answers the question, my lord, that was raised a day or two ago, and that is when it came in, when they reduced the proclaimed value to 41.51. Some witness referred to it and apparently it was passed on the 20th of July, 1935.

"If this is correct, then the 1 yen will be taken as 41.51 cents and 33-1/3% surtax collected computed on 41.51 cents to the yen. The only point open is whether the 3% excise will be payable on the amount of the surtax collected. See wire. If the Order-in-Council of July 20th, is not put into effect for any reason then the proclaimed value of the yen will probably remain at 49.85 cents and the calculation based on this value. As silk is of a class or kind not produced in Canada there is no currency dumping duty.

Indirect Importations via U.S. At present an invoice of raw silk from the United States

"not produced in Canada no currency dumping duty is charged as between the proclaimed value of the yen and the exchange value. As raw silk is free, no duty is charged.

On raw silk which enters Canada direct after midnight August 4th, the I yen will be valued at the proclaimed value. Ottawa informs me that an Order-in-Council was passed on July 20th, making the proclaimed value of the yen 41.51 cents instead of 49.85 cents as heretofore.."

That answers the question, my lord, that was raised a day or two ago, and that is when it came in, when they reduced the proclaimed value to 41.51. Some witness referred to it and apparently it was passed on the 20th of July, 1926.

"If this is correct, then the I yen will be taxed as 41.51 cents and 35-1/3% surtax collected computed on 41.51 cents to the yen. The only point open is whether the 3% excise will be payable on the amount of the surtax collected. Seems wise. If the Order-in-Council of July 20th, is not put into effect for any reason then the proclaimed value of the yen will probably remain at 49.85 cents and the calculation based on this value. As silk is of a class or kind not produced in Canada there is no currency dumping duty.

Counsel for-Philips vs. U.S. At present no duties of the silk from the United States

"shows the fair market value in that country in dollars. I am advised such invoices never show the yen value. As there is no currency dumping legislation in the United States, and no duty or excise on raw silk entering that country, the dollar invoice value is of course the Japanese price in yen turned into United States dollars at the current rate of exchange between the U.S. and Japan, plus any local charges. Therefore the exchange value of the yen or the proclaimed value of the yen does not enter the customs picture. The United States dollar value of the invoices were turned into Canadian dollars in the usual way for excise tax purposes.

After midnight on August 4th the invoices will be treated in exactly the same way as heretofore, excepting that 33-1/3% surtax will be charged on the United States dollar invoice value turned into Canadian dollars in the usual way. The only open question is whether the 3% excise tax will be collected on the amount of the surtax. (See wire).

Confusion. Is it possible that the confusion you speak of has arisen in the following way: (1) At the present time, all other things being equal, there is an advantage in importing via the United States instead of direct from Japan, because: The 3% excise tax on imports from the United States was charged on the U.S. dollar value, which was the Japanese price in yen turned

"above the fair market value in that country in dollars. I am advised such invoices never show the yen value. As there is no currency dumping legislation in the United States, and no duty or excise on raw silk entering that country, the dollar invoice value is of course the Japanese price in yen turned into United States dollars at the current rate of exchange between the U.S. and Japan, plus any local surcharge. The/Jap. exchange value of the yen or the proclaimed value of the yen does not enter the customs picture. The United States dollar value of the invoices were turned into Canadian dollars in the usual way for excise tax purposes.

After midnight on August 4th the invoices will be treated in exactly the same way as heretofore, meaning that 33-1/3% duties will be charged on the United States dollar invoice value turned into Canadian dollars in the usual way. The only open question is whether the 8% excise tax will be collected on the amount of the duties. (See wire).

Conclusion. Is it possible that the confusion you speak of has arisen in the following way: (1) At the present time, all other things being equal, there is an advantage in importing via the United States instead of direct from Japan, because: The 8% excise tax on imports from the United States was charged on the U.S. dollar value, while was the Japanese price in yen turned

"into United States dollars at the current rate of exchange between the United States and Japan, plus any local charges, while on direct imports from Japan the 3% excise was calculated on the yen at 49.85 cents.."

That also answers another question that was raised a couple of days ago, and that was why the imports of raw silk come through the United States instead of direct from Japan. Apparently the 3% excise was reckoned on the yen value turned into dollars at the current rate of exchange where if they had imported directly the 3% excise would have been reckoned on the proclaimed yen value of 49.85. I think we were discussing that with you, Mr. Watson? A. At the beginning of Mr. Stevens' term of office as Minister of Trade he got the industry together and asked why they could not import direct, and that was the reason. It was pointed out to him why they could not or why they did not import more direct than they did. There are still some direct importations.

Q."(2) Under the new surtax the disability of importing direct from Japan will be so increased that it is doubtful whether there will be any such importations. The 33-1/3% will be calculated when from the United States on the U.S. dollar value, which is the Japanese price in yen turned into United States dollars at the current rate of exchange, while on direct imports from Japan the 33-1/3% surtax will be calculated on the yen at the proclaimed value. (41.51 cents? 49.85 cents?)

" If you are in doubt on any of these points I would suggest you take it up direct with Mr. A.C. Williams, Textile Adviser, Queen 6300, Ottawa. I have sent him a copy of this letter and have asked him if he will be kind enough to clear up any points on which you have doubts if you telephone him."

Now, apparently a circular was sent out to the trade, Mr. Watson, at this time dated the 29th of July --

THE COMMISSIONER: By whom?

MR. McRUER: By Mr. Hallm. You identify that?

A. Yes.

Q. This will be part of the same exhibit.

THE COMMISSIONER: The same exhibit.

MR. McRUER: We might as well have the whole subject matter together.

"Representations to Ottawa regarding surtax on raw silk.

Dear Sirs:

There has been considerable discussion as to whether or not Canadian users of raw silk should make representations to the Canadian government. Some of the mills feel that no representations should be made, others feel that representations should be made but are not agreed on what should be said.

(1) Those who feel that no representations should be made do so on the following grounds: If the Canadian government had agreed to the Japanese request for the abolition of the

If you are in doubt on any of these points I would suggest you take it up direct with Mr. A.G. [illegible], Victoria Jubbery, [illegible]. I have sent him a copy of this letter and have asked him if he will be kind enough to clear up any points on which you have doubts if you telephone him."

Now, apparently a circular was sent out to the trade, Mr. Robson, at this time dated the 29th of July --

Q. C. McTague: By whom?

Mr. Ledding: By Mr. Hills. You identify that?

A. Yes.

Q. This will be part of the same exhibit.

Mr. McTague: The same exhibit.

Mr. Lewis: We might as well have the whole subject matter together.

"Representations to Ottawa Regarding Barter on Raw Silk.

Dear Sirs:

There has been considerable discussion as to whether or not Canadian users of raw silk should make representations to the Canadian Government. Some of the mills feel that no representations should be made, others feel that representations should be made but are not agreed on what should be said.

(1) Those who feel that no representations should be made do so on the following grounds:

1. Our Canadian government has argued for the Japanese request for the abolition of the

"depreciated currency legislation on Japanese products, it would have meant unfair competition with consequent serious losses to the users of silk in Canada, because:

At present the yen is valued at 49.85¢, the ad valorem duty is collected on this basis, and a dumping duty is collected on the difference between 49.85¢ and (say) 29¢--"

THE COMMISSIONER: And what?

MR. McRUER: "and (say) 29¢ (the current exchange value of the yen). If the Japanese demands had been met, the yen invoices would have been calculated at 29¢ per yen, the ad valorem duty would have been collected on this amount, and no currency dumping duty would have been charged.

The Canadian government would not agree to the Japanese request in spite of the fact that Canadian industries shipping to Japan are faced with the loss of substantial business per annum", and wheat, flour, fish, hides, lumber and pulp are again enumerated with the same figures as I read before.

"(2)On the other hand other users of raw silk have suggested that the government be asked (a)"--

THE COMMISSIONER: Pardon me a minute, what other users of raw silk?

MR. McRUER: "On the other hand other users of raw silk".

THE COMMISSIONER: Whom does he mean by "other users of raw silk"?

"competitive economic implications on Canadian
products, it would have meant unfair competition
with consequent serious losses to the users of
silk in Canada, [illegible]:

At present the yen is valued at 60.85¢, the
ad v lorem duty is collected on this basis, and
a dumping duty is collected on the difference
between 47.85¢ and [illegible] 60¢--

THE COMMISSIONER: And who?

MR. MORGAN: "one (say) 29¢ (the current economic
value of the yen). If the Japanese demands
had been met, the yen invoices would have been
calculated at 29¢ per yen, the ad valorem duty
would have been collected on this amount, and no
currency dumping duty would have been charged.

The Canadian government would not agree to
the Japanese request in spite of the fact that
Canadian importers shipping to Japan are faced
with the loss of substantial business per annum"
one wheat, flour, fish, hides, lumber and pulp are
again enumerated with the same figures as I read before.
"(a) On the other hand other users of raw silk have
suggested that the government be asked (a)"--

THE COMMISSIONER: Pardon me a minute, what other
users of raw silk?

MR. MORGAN: "On the other hand other users of
raw silk".

THE COMMISSIONER: Are they the same as "other
users of raw silk"?

MR. McRUER: He has given the views of some of the mills in the first part of the letter and now he says others say this.

"(a) To exempt raw silk imported from the U.S. from surtax, or

(b) To exempt bona fide contracts for raw silk to be completed without surtax, or

(c) (of particular interest to the fabric manufacturers) To allow import of artificial silk on some more favourable basis than at present.

This office would like to have your views on these matters".

I have asked my friend, Mr. Kellock, to secure the replies that came from the industry on these views.

MR. KELLOCK: Mr. Watson may be able to tell you.

MR. McRUER: I would sooner have their own statements. I don't believe Mr. Watson could be asked to remember all the views that might have come in.

THE WITNESS: Thank you.

THE COMMISSIONER: Unless there was only the one view.

MR. KELLOCK: That is what I mean.

THE COMMISSIONER: Is that what you mean, Mr.Kellock?

MR. KELLOCK: I think the witness can summarize it for your lordship, yes.

MR. McRUER: This is another circular dated July 29th, 1935 which gives the departmental ruling in regard to the surtax.

" We have had two rulings from the Commissioner

Mr. McNULK: He has given the views of some of the mills in the first part of the letter and now he says others say this.

"(a) To exempt raw silk imported from the U.S. from duties, or

(b) To exempt home fibre contracts for raw silk to be completed without duties, or

(c) (of particular interest to the fabric manufacturers) To allow import of artificial silk on some more favourable basis than at present.

This office would like to have your views on these matters".

I have asked my friend, Mr. Neilson, to secure the replies that came from the industry on these views.

MR. WILSON: Mr. Watson may be able to tell you.

Mr. McNULK: I would sooner have their own statements. I don't believe Mr. Watson could be asked to remember all the views that might have come in.

MR. WILSON: Thank you.

THE CHAIRMAN: Unless there was only the one view.

Mr. McNULK: That is what I mean.

THE COMMISSIONER: Is that what you mean, Mr. Neilson?

MR. NEILSON: I think the witness can summarize it for your Lordship, yes.

Mr. McNULK: This is another circular dated July 8th, 1925 which gives the departmental ruling in regard to the duties.

We have had two rulings from the Commissioner

"of Customs on the importation of Japanese raw silk as follows:

(1) 'Surtax will not apply to silk in bond in Canada before fifth August and entered for consumption at a later date.'

(2) 'Surtax being a duty as defined in Customs Act is to be included in duty paid value on which taxes are assessed'. (That is, the amount of the surtax payable is added to the invoice value before computing the amount of the 3% excise tax)."

THE COMMISSIONER: I do not understand that; read that again.

MR. McRUER: "Surtax being a duty"--

THE COMMISSIONER: Surtax?

MR. McRUER: Yes, surtax is defined in the Customs Act as added to make the duty paid value on which the excise is paid. Then, this is another letter. You identify Mr. Hallam's signature on this letter? A. I do.

Q. This is dated July 31st, 1935 and is from Mr. Hallam to Mr. Marx.

"Dear Mr. Marx:

We have put the question of Japanese raw silk before the Government by telephone, telegram and memorandum."

THE COMMISSIONER: Have you all that?

MR. McRUER: No, I haven't. I have asked Mr. Yellock to get that.

THE COMMISSIONER: That will bring the whole thing to a head and show definitely what the attitude was.

"of Quebec on the importation of Japanese tea with an effluent:

(1) 'Quebec will not supply to sell in bond in Canada better first class tea and encourage for consumption in Canada.'

(2) 'Labour being a duty as defined in Quebec not is to be looked on duty paid value on which taxes are assessed'. (That is, the amount of the surtax payable is added to the landed value before computing the amount of the 5% excise tax).

THE COMMISSIONER: I do not understand that; read that again.

MR. [illegible]: [illegible]

MR. COMMISSIONER: Yes?

MR. MORRIS: Yes, surtax is defined in the Customs Act as, used to make the duty paid value on which the excise is paid. Then, this is another letter. You recently Mr. McIlan's signature on this letter? - I do.

- This is dated July 21st, 1949 and is from Mr. McIlan to Mr. Morris.

"Dear Mr. Morris:

"We have put the question of Japanese tea with before the Government by telephone, telegram and correspondence."

THE COMMISSIONER: Have you all that?

MR. MORRIS: No, I haven't. I have asked Mr. Kellock to get that.

THE COMMISSIONER: He's will bring the whole thing here and show definitely what the attitude was.

MR. McRUER: Mr. Hooper suggests the telephone may have been the main thing, but we will get all that we can from the files of Mr. Hallam.

MR. BERRY: What is the date of that letter?

MR. McRUER: It is dated July 31, 1935.

THE COMMISSIONER: Who did the telephoning?

MR. McRUER: This is Mr. Hallam's letter to Mr.Marx and he says to Mr. Marx "as you are aware"-- no, no, I beg your pardon, "We have put the question of Japanese raw silk before the government by telephone, telegram, and memorandum."

THE COMMISSIONER: I say who did the telephoning?

MR. McRUER: It must have been Mr. Hallam, I should think.

"As you are aware you can urge certain things by word of mouth which in a case of this kind it is not advisable to put in writing."

THE COMMISSIONER: We will have to get the man who did the telephoning. Find out who did the telephoning and what he urged.

MR. McRUER: Yes.

" The departmental stores, wholesalers and importers have brought great pressure to bear to have the surtax taken off Japanese goods, and also to have the date of coming into effect set back three months. They also want their goods on order brought in free of sales tax.

My own impression is that the Canadian Government will not retreat from the stand it

MR. MAHON: Mr. Hooper suggests the telephone may have been the said thing, but we will get all that we can from the files of Mr. Hallam.

Q. Mahon: What is the date of that letter?

MR. McKAY: It is dated July 21, 1938.

THE CHAIRMAN: Who did the telephoning?

Q. Mahon: This is Mr. Hallam's letter to Mr. Marx and he says to Mr. Marx "as you are aware--no, no, I beg your pardon, "We have put the question of Japanese now still before the government by telephone, telegram, and memorandum."

THE CHAIRMAN: I say who did the telephoning?

MR. McKAY: It must have been Mr. Hallam, I should think.

"As you are aware, we are urgent certain things by word of mouth which in a case of this kind it is not advisable to put in writing."

THE CHAIRMAN: We will have to get the man who did the telephoning. Find out who did the telephoning and what he urged.

Q. Mahon: Yes.

" The departmental strike, Shipping Act and Importers have brought great pressure to bear to have the duties taken off Japanese goods, and also to have the date of coming into effect set back three months. They also want their goods on order brought in free of seizure tax.

My own impression is that the Canadian Government will not retreat from the stand it

"has made. They point out that if they accede to the request of the purchasers of Manufactured goods in Canada and allow goods contracted for to be brought in, there would be all kinds of frauds perpetuated.

They also point out that if raw silk is made free from surtax a large number of other things, which are raw materials for other manufacturers, will have to be made free of surtax, and that they would get into an absurd position.

My advice is that Mr. Bennett is the only man to get in touch with. I have been trying to do this but he is not in Ottawa, and I am told that I cannot get in touch with him until next week.

I am arranging to get in touch with him at the earliest possible moment. Under conditions as they are in Ottawa at present it may well be that the best I can do is speak to him on the telephone. On the other hand if I can arrange an interview at Ottawa who should I take down with me, if anyone?"

Now, the next is a letter from Mr. Berry to Mr. Marx dated the 28th of August, 1935.

"Dear Sir:

A meeting of Quebec mills will be held at the Association office, 485 McGill Street, Montreal on Friday, August 30th, at 10.30 a.m. D.S.T. The situation created by the surtax on Japanese raw silk will be discussed.

"has made. They point out that if they accede to the request of the purchasers of manufactured goods in Canada and allow goods contracted for to be brought in, there would be all kinds of frauds perpetrated.

They also point out that if raw silk is made from surtax a large number of other things, which are raw materials for other manufacturers, will have to be made free of surtax, and that they would get into an absurd position.

My advice is that Mr. Bennett is the only man to get in touch with. I have been trying to do this but he is not in Ottawa, so I am told that I cannot get in touch with him until next week.

I am arranging to get in touch with him as the sufficient quantity, under conditions as they are in Ottawa at present it may well be that the best I can do is speak to him on the telephone. On the other hand if I can arrange an interview at Ottawa who should I take down with if anyone?"

The result is a letter from Mr. Perry to Mr. Mark dated the 28th of August, 1930.

"Dear Sir:

A meeting of knitted mills will be held at the association office, 465 McGill street, Montreal, on Friday, August 29th, at 10.30 a.m. D.S.T.

The situation created by the surtax on Japanese raw silk will be discussed.

"Please advise that you will be represented at the meeting."

Were you present at that meeting, Mr. Watson?

A. I don't remember sir. I was just trying to think. It says Quebec mills, you will notice.

THE COMMISSIONER: What is the date?

MR. McRUER: August 30, 1935.

THE WITNESS: I don't know whether I was at the meeting -- any meetings concerning this because I was of a very definite view point from the beginning of it.

Q. Do you think it was important to give the others --

BY THE COMMISSIONER: Q. What do you say your attitude was? A. I was of a very definite view point from the beginning.

Q. What was that? A. That it was a choice of evils, and that the Government had no choice in the matter and had to follow through with what they had done.

Q. They could not retreat? A. No. The question revolved itself around, from my personal point of view, as to whether they would take off the exchange dumping duty which would affect the goods which I manufacture, but knowing that I could obtain Chinese raw silk, despite the claims of various hosiery men that they cannot use Chinese silk for hosiery to which I do not agree, and which has been proven they can use Chinese silk for hosiery, I was of the opinion that it was a choice of evils.

Q. You were not particularly interested then in Japanese raw silk; you could get Chinese?

A. As long as we could get the Chinese at competitive prices, yes, sir.

Q. Can anybody confirm the right time for me, because if you are going into something new --

MR. McRUER: I was just going to finish this. MightI ask you how much raw silk you had in stock at this time? Are you one that was pretty well stocked up? A. As a matter of fact, sir, I went immediately to New York. Do you want to know my own personal position at the time; is that the question?

Q. Yes. A. I immediately called New York to some Chinese producers that I knew of and placed quite considerable business with them figuring that the surtax would stay on at least to the end of the year. Then I went to New York in the course of a couple of days and traded some Japanese contracts that I had with the wholesaler down there for Chinese silk which later turned out to be a very bad deal because I could have got the Japanese silk in exempt -- in other words, Had I waited a moment --

BYTHE COMMISSIONER: Q. Through the United States? A. Through the United States. Later on there was a ruling came out that bona fide contracts, if imported before a certain date, would be allowed in exempt of the surtax, and I went and traded my contracts for Chinese silk and paid a premium, as a

Q. You were not particularly interested then in Japanese raw silk; you could get Chinese?

A. As long as we could get the Chinese at competitive prices, yes, sir.

Q. Can anybody confirm the fact that for me, because if you are going into something new --

MR. KOWNER: I was just going to finish this. Might I ask you how much raw silk you had in stock at this time? Are you one that was greatly well stocked up?

A. As a matter of fact, sir, I went immediately to New York. Do you want to know my own personal position at the time; is that the question?

Q. Yes.

A. I immediately called New York to some Chinese producers that I knew of and placed quite considerable business with them figuring that the surtax would stay on at least to the end of the year. Then I went to New York in the course of a couple of days and traded some Japanese contracts that I had with the wholesaler down there for Chinese silk which later turned out to be a very bad deal because I could have got the Japanese silk in exempt in other words. Was I waited a moment --

[illegible]

a trifling came out that bona fide contracts, if imported before a certain date, would be allowed in except of the surtax, and I went and traded my contracts for Chinese silk and paid a premium, as a

matter of fact. I paid a premium for the Chinese silk for him to take my Japanese silk which turned out to be a bad business deal as far as I was concerned.

BY MR. McRUER: Q. I was just wondering why that was a bad business deal because you had traded your Japanese contracts for Chinese contracts, and I was just wondering why it was a bad business deal?

A. Well, the wholesaler or raw silk dealer who I did it with knowing my predicament made me pay a ten cents a pound premium for the Chinese.

Q. I suppose that those that did not have Japanese silk contracts have had to pay through the nose for Chinese? A. Not at that moment.

Q. Why? Did he just inflict it on you? Do you think he had any spite for you? A. Not necessarily, but naturally in a case like that the Chinese market reacted to the fact they had the market to themselves.

Q. What are you using now, Japanese or Chinese?

A. Both. We always have, sir.

Q. Then you are one it did not make very much difference to? A. That was my view point from the beginning.

THE COMMISSIONER: Then, we will adjourn now until a quarter after two.

-- The Commission adjourned at 12.30 p.m. to resume at 2.15 p.m.

silk for him to take my Japanese silk which turned out to be a bad business deal as far as I was concerned.

BY MR. McPHERSON: Q. I was just wondering why that was a bad business deal because you had traded your [illegible] for Chinese customers, and I was wondering why it was a bad business deal?

A. Well, the wholesaler or raw silk dealer who I did it with knowing my predicament made me pay a ten cents a pound premium for the silk.

Q. I suppose that those that did not have dependable silk contracts have had to buy through the nose for Chinese?

A. Not at that moment.

Q. Why? Did he just inflict it on you?

Do you think he had any spite for your A. Not necessarily, but naturally in a case like that the Chinese market reacted to the fact they had the monopoly to themselves.

Q. What are you using now, Japanese or Chinese?

A. Both. We always have, sir.

Q. When you are one it did not make very much difference to?

A. That was my view point from the beginning.

THE COMMISSIONER: Then, we will adjourn for a quarter after two.

-- The Commission adjourned at 12.50 p.m. to reassemble at 2.15 p.m.

AFTERNOON SESSION

-- The Commission resumed at 2.15 P.M.

PIERCE WATSON, Recalled,

CROSS EXAMINATION BY MR. McRUER (resumed)

Q. Then the next matter in connection with that last exhibit that I have, my lord, is a telegram from Douglas Hallam to Jakcson Marx, dated the 5th September, 1935, reading as follows:

"No signs Canada weakening, further drastic action being taken against Japan."

THE COMMISSIONER: Is that to Mr. Marx of Three Rivers?

MR. McRUER: Of Louiseville, my lord.

THE COMMISSIONER: I meant Louiseville. Is that part of the same exhibit?

MR. McRUER: Part of the same exhibit, my lord.

Q. Then a circular letter from Douglas Hallam, dated October 11th, 1935, marked "Secret and Confidential.":

THE COMMISSIONER: To whom is it?

MR. McRUER: It is just a circular letter, my lord.

BY MR. McRUER: Q. Was this sent out, do you know, to the members of the Silk association? A. I don't know, sir, off-hand, but I would imagine it might have been.

Q. Yes. It reads:

[illegible]

— The Commission resumed at 2.15 p.m.

[illegible] (Continued)

[illegible] (Continued)

[illegible] Then the next matter in connection with that last exhibit that I have, my lord, is a telegram from Douglas Kelton to Cameron Ross, dated the 6th [illegible], 1925, [illegible]:

"No signs [illegible] working, further results being taken against do so."

THE COMMISSIONER: Is that to Mr. Ross of Times Mirror?

MR. [illegible]: [illegible], my lord.

THE COMMISSIONER: I mean Lockeyville. Is that part of the same exhibit?

MR. MONTGOMERY: Part of the same exhibit, my lord.

— Then a circular letter from Douglas Kelton, dated Octob r 11th, 1925, marked "Secret and Confidential.":

THE COMMISSIONER: To whom is it?

MR. [illegible]: It is just a circular letter.

— Lord.

MR. MONTGOMERY: — was this sent out, do you know, to the members of the Milk Producers Association? — I don't know, sir, off-hand, but I would imagine it might be in [illegible].

— Yes, [illegible]

"We have direct information from the most reliable source at Ottawa that there is nothing new in the Japanese surtax situation.

The recent press dispatches merely indicate that negotiations have been opened again, but Japan, up-to-date, is not prepared to settle on any other basis than the original demands:

(1) The yen to be valued at current exchange instead of at par for duty purposes.

(2) No currency dumping duties or other dumping duties to be placed on Japanese goods.

(3) An agreement that the tariff rates will not be increased on Japanese goods."

And then another circular letter, dated October 18th, 1935, marked "confidential." It reads:

"Surtax Japanese Silk,

We understand that applications to the Department of National Revenue for refunds of surtax paid on Japanese raw silk will be considered under the following circumstances:

(1) That proof can be given that there was a bona fide contract or purchase for the silk prior to July 22nd, 1935.

(2) That the silk is imported into Canada prior to November 5th, 1935.

(3) That the surtax has actually been paid.

"In order to ask for the refund, it is not

ation

"We have direct information from the most reliable source at Ottawa that there is nothing new in the Japanese surtax situation.

The recent press dispatches merely indicate that negotiations have been opened again, but Japan, up-to-date, is not prepared to settle on any other basis than the original demands:

(1) The yen to be valued at current exchange instead of at par for duty purposes.

(2) No currency dumping duties or other damping duties to be placed on Japanese goods.

(3) An agreement that the tariff rates will not be increased on Japanese goods."

And then another circular letter, dated October 16th, 1930, marked "confidential." It reads:

"Surtax Japanese Silk.

We understand that applications to the Department of National Revenue for refunds of surtax paid on Japanese raw silk will be considered under the following circumstances:

(1) That proof can be given that there was a bona fide contract or purchase for the silk prior to July 22nd, 1930.

(2) That the silk is imported into Canada prior to November 5th, 1930.

(3) That the surtax has actually been paid.

In order to ask for the refund, it is not

necessary to prove that you have used the silk in goods which were sold prior to July 22nd. It is not a matter of regulations, it is a matter of grace. There is also no guarantee that the refund will be granted, but we understand that there are good chances it will be.

The grounds for asking for the refunds are that the silk was bought or contracted for prior to July 22nd and that delivery had to be taken."

Q. Can you tell us, Mr. Watson, if those refunds were made at all? A. I don't know at all, Mr. McRuer.

Q. You did not get any at any rate? A. No.

BY THE COMMISSIONER: Q. Did you apply for them? A. No, I don't think so, sir.

MR. McRUER: That is all of that exhibit, my lord. Have you any more material, Mr. Kallock, on that subject matter available at the present time.

MR. BERRY: I think it is complete in conjunction with Exhibit 140; that is the filing of the Departmental Regulation covering Surtax.

MR. MCRUER: It is not complete, by any means.

MR. BERRY: Oh yes, I know.

MR. McRUER: You haven't any more here?

MR. BERRY: I believe not, Mr. McRuer.

BY MR. McRUER: Q. Now, I was asking you the last day, Mr. Watson, about a brief that was submitted on behalf of the silk and artificial silk industries to the Government, in August, 1930, and it was suggested

that there was no such brief. I show you a copy which is marked "Office Copy", Brief with Appendix, Silk and Artificial Silk Industry, not including knitted fabrics or knitted clothing," and it is dated August 30th, 1930. Would you look at that now and tell me whether you recognize it or not as a brief that was prepared for submission to the Government? A. I would rather think it was, sir.

Q. Then were you interested in the tariff matters at that time, and the compilation of the material for the purpose, I take it, of indicating what protection you thought the industry ought to have? A. I would say so, yes, sir.

THE COMMISSIONER: What does Mr. Watson say about that?

MR. MORDEN: He said that this was a brief--

THE COMMISSIONER: That was submitted?

MR. MORDEN: That was submitted to the Government.

Q. Is that correct, Mr. Watson? A. I would imagine it was; but I would hate to say definitely that it was, sir.

BY THE COMMISSIONER: Q. It was prepared for that purpose? A. Yes, I would imagine it was prepared for that purpose.

BY MR. MORDEN: Q. You had seen this thought? A. It is hard to say. I have seen a lot of them.

[illegible]

MR. [illegible] August 30th, 1930, [illegible].

THE WITNESS: I hope you don't think that I am quibbling, sir, because I am quite prepared to say that undoubtedly it had been.

THE COMMISSIONER: Well, can Mr. Kellock say definitely one way or the other?

MR. KELLOCK: Mr. Berry might be able to say, my lord.

MR. BERRY: I am sorry, my lord. I don't recognize any features of this.

MR. McRUER: I suppose Mr. Hallam is the only one who knows.

Q. You recollect, do you not, that you were taking part in this, that is, in the fixing of new rates for the purpose of determining what tariff protection you thought the Industry ought to have? A. I do.

Q. And records were being kept, you were working it out? A. Yes.

Q. That is correct? A. Yes.

Q. Well now, there is some information, or there are some things about the schedule that is attached to this that I want to ask you about. The tariff item 557, "Silk cocoons; Raw silk, not more advanced than singles, not to include material wholly or partially degummed,"and so on. That was free all across the board, and when we have an item "New rate" I take it that would be the rate that you are proposing? A. Yes.

THE COURT: I hope you don't think that I am criticizing, sir, because I am quite prepared to say that I understand it but here.

MR. [illegible]: Well, then Mr. Holmes may continuously one way or the other.

MR. HOLMES: I'm sorry I have to be able to say, my lord.

MR. MAGEE: I am sorry, my lord. I don't recognize any features of this.

MR. HOLMES: I suppose Mr. Magee is too only one [illegible].

Q. Now however, do you see, that you are making part in this, that in, in the filing of new notes for the purpose of determining what tariff protection you thought the industry ought to never?

A. I do.

Q. And because were [illegible] left, you were working it out? A. Yes.

Q. That is correct? A. Yes.

Q. Well now, there is some information, or there was some things about the schedule that is attached to this that I want to ask you about. The tariff item 347, "Milk condensed; new milk, not more advanced than singles, not to include material wholly or partially degummed," and so on. What was free all across the board, and when we have an item "Non-fat" I take it that milk in the fat that just was [illegible]? A. Yes.

Q. Yes. And the rate for that, of course, was free all across the board. You are not suggesting any increase there, and then, "Waste portions of unused fabrics, or used garments, wholly of silk, artificial silk", that is 557-A in the Tariff, those were free, and you are proposing that they should be free? A. That is right.

Q. Do you use those waste portions in the manufacture of silk? A. No, we don't use this ~~ite~~ item (indicating), we use this item, (indicating).

Q. But you do not use any of the 557-A; do some of the manufacturers use it? A. Not that I know of, sir.

Q. Now then, "Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics." That was 15 %, 7½% and 10%, and you do not propose a change. What is that material? That was 557-B? A. Well, it was originally, I would imagine, put in the tariff item in case there was anybody attempting to manufacture spun silk.

Q. What do you mean by that? A. Well, spun silk is made of waste silk and silk that would be cut into short lengths, and then spun into a fibre the same as cotton.

Q. I do not want to go through all this in detail, but I want to come to the ones that were more or less in active use, and the lines that you did

A. Yes. And the rate for them, of course, was all across the board. You are not suggesting any increase there, and then, "waste portions of unused fabrics, or used garments, wooly or silk, artificial silk", that is BUY-a in the tariff, those were free, and you are proposing that they should be free? A. That is right.

Q. Do you use those waste portions in the manufacture of silk? A. No, we don't use this item (indicating), we use this item, (indicating).

Q. But you do not use any of the BUY-A; do some of the handkerchiefs use it? A. Not that I know of, sir.

Q. How then, "garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics." That was in K, Vgi and Ivk, and you do not propose a change. What is that material? That was BUY-BY A. Well, it was originally, I would imagine, put in the tariff item in case there was anybody attempting to manufacture some silk.

Q. What do you mean by that? A. Well, again it is made of waste silk and silk that would be cut into short lengths, and then spun into a fibre for use in cotton.

Q. I do not want to go through all this in detail, but I ask if you have had an interpretive use, and the items that you did

not ask a change in, but the ones you asked the change in. Now, to come to the paragraph 558-B:

"Rovings, yarns and warps wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p. including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk."

The rate that was prevailing in 1930 was 17½ per cent. under the British Preference; 22½ per cent. under the intermediate, and 25 per cent. under the general, and France and Italy 22½ per cent. Now, the new rate,- and that would be the rate suggested by the Industry, I take it? A. Yes.

Q. Was, under the British Preference, 15 cents per pound and 35 per cent. Now, let me see your exhibit, Mr. Hooper. What was the rate at 1930?

MR. HOOPER: 25 per cent. or 28 cents a pound.

BY MR. McRUER: Q. You were asking for 15 cents per pound and 35 per cent. ad valorem, under the British Preference? A. Yes, sir.

And you apparently got 25 per cent, not to exceed 28 cents a pound. A. Not less than.

Q. Oh yes, not less than 28 cents a pound? A. Yes.

Q. Which of the two was greater, do you know? A. I don't know without doing some figuring, sir.

Q. All right, we can have that done, Mr. Watson.

not ask a change in, but the ones you asked the change in. Now, to come to the paragraph 388-D:

"Yarns, yarns and cords wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p.

Dyeing process, merely to melt the process, embroidering or other purposes, not to contain silk."

The rate that was prevailing in 1930 was 17½ per cent. under the British Preference; 35% per cent. under the intermediate, and 35 per cent. under the general, and France and Italy 45% per cent. Now, the new rate,- and that would be the rate suggested by the Investigator, I came 1?

A. Yes.

A. Yes, under the British Preference, 15 cents per pound and 35 per cent. Now, let me see your exhibit Mr. H. open. What was the rate at 1930?

Mr. HOCKEN: 35 per cent. or 24 cents a pound.

BY Mr. McKEON: Q. You were asking for 15 cents per pound and 35 per cent. ad valorem, under the British Preference? A. Yes, sir.

And you apparently got 35 per cent, not to exceed 24 cents a pound. A. Not less than.

Q. Yes, not less than 24 cents a pound?

A. Yes.

Q. Which of the two was greater, do you know?

A. I [illegible] doing some figuring, sir.

Q. Yes, we have that [illegible], Mr. [illegible].

Under the Intermediate Tariff you were asking for 20 cents per pound and 45 per cent. A. Yes.

THE COMMISSIONER: What did you say, 20 cents per pound, Mr. McRuer?

MR. McRUER: 20 cents a pound and 45 per cent., my lord.

Q. And you, apparently, got 30 per cent. and not less than 28 cents? A. Yes.

Q. And under the general tariff you were asking for 22½ cents per pound, and 50 per cent.? A. That is right.

Q. And you got 35 per cent. and not less than 26 cents a pound? A. That is right.

Q. 22½ cents per pound and 50 per cent. would just about close the door, would it not, Mr. Watson? There would not be much get in over that, would there? A. No, sir.

Q. This is on yarn. When I say you were asking it, that is probably not a very fair way to put it because I do not suppose you were interesting yourself, at any rate, in the duty on yarn? A. I am a protectionist, sir.

Q. You are a protectionist? Well, I rather gathered that, but so far as your own industry is concerned, you were not interested, I judge, in yarn. A. I still think that, being a protectionist, I would ask for protection for the other fellow too.

Q. I see, even though he is supplying you with

Under the intermediate tariff you were asking for 30 cents per pound and 45 per cent. A. Yes.

Mr. CONNOLLY: Just did you say, 30 cents per pound, Mr. Morrison?

Mr. MORRISON: 30 cents a pound and 45 per cent, my lord.

Q. And you, apparently, got 30 per cent, and not less than 30 cents? A. Yes.

Q. And under the general tariff you were asking for 3½ cents per pound, and 30 per cent.? A. That is right.

Q. Did you get 30 per cent, and get less than 30 cents a pound? A. That is right.

Q. 3½ cents per pound and 30 per cent. would just about close the door, would it not, Mr. Watson? Your well may be quite sure in your that, would it?

A. No, sir.

Q. This is on yarn. When I say you were asking it, that is probably not a very fair way to put it because I do not suppose you were interesting yourself, at any rate, in the duty on yarn? A. I am a protectionist, sir.

Q. You are a protectionist? Well, I rather gathered that, but so far as your own industry is concerned, you were not interested, I judge, in yarn. A. I still think that, being a protectionist, I would ask for protection for the other fellow too.

Q. I see, even though he is supplying you with

raw material? A. That is quite right.

Q. Is there any agreement among you that you will fight for one another in that way, even though he may be supplying you with raw material you will fight for protection on his article? A. I would say not, sir.

THE COMMISSIONER: Do I understand Mr. Watson to say that he wants protectionist duty?

THE WITNESS: I did not say that, sir. If I did say that I meant anything produced in Canada by the primary producer, I am quite prepared to see a protection for it.

BY MR. McRUER: Q. That is a synthetic yarn? A. Right, produced inCanada, sir.

Q. Then 561:

"Woven fabrics wholly of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p."

You wereasking on woven fabrics for 15 cents per pound and 35%, under the British Preference? A. Yes,sir.

Q. That is under the British Preference? A. Yes, sir.

Q. And you apparently got 27½% and 30 cents a pound? A. Yes, less ~~than~~ 10%.

Q. There would be less 10% on that? A. Yes, less 10%.

Q. That 10% less applied in the tariff item before? A.That is right.

Q. Then in quite right.

Q. Is there any agreement among you that you will fight for one another in that way, even though he may be supplying you with raw material you will fight for protection of his monopoly? A. I think say not, sir.

MR. [illegible]: Do I understand Mr. Watson to say that he wants protection that day?

THE WITNESS: I did not say that, sir. If I did say that I meant anything produced in Canada by the primary producer, I am quite prepared to see a protection for it.

BY MR. [illegible]: Q. That is a synthetic yarn? A. Might produced there, sir.

Q. [illegible]:

"Woven fabrics wholly of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p."

You were asking on woven fabrics for 15 cents per pound and 20%, under the British preference? A. Yes, sir.

Q. What is under the British preference?

A. [illegible].

Q. And you are strongly not 27½ and 30 cents a pound?

A. [illegible] less than 10%.

Q. There would be less 10% on that? A. Yes. Less 10%.

Q. Less 10% less applied in the tariff from [illegible]? A. That is right.

Q. So that I would rather gather that, on that item as against Great Britain, you got more than you were asking for? A. That is quite right, but simply because the primary duty on the yarn had been raised to a minimum of 28, I would gather.

Q. Because the primary duty on yarn had been raised to a minimum of 28? A. Yes, sir.

Q. That is, that yarn had been raised higher than you had asked for? A. Had been raised higher, yes. You see, you will notice here that we asked for 15 cents a pound in both places to equalize it..

Q. All I am getting at is that you submitted a brief to the Government apparently of what you thought the duty should be to give you protection, and you got more than you were asking for? A. That is right, sir.

Q. Yes. Then we come to the intermediate tariff, on the same item, 561. The rate you asked for there was 20 cents a pound and 30 per cent.? A. Yes, sir.

Q. And you got 40% and 40 cents a pound. A. Yes.

Q. So that although the advalorem was reduced by 10% you got twice as much specific as you had asked for? A. For the same reason as before, because the primary duty had been increased to a minimum of 28 cents.

Q. Yes. Then am I correct in saying this, that the yarn people got more than was asked for in this brief, and that accordingly raised the whole schedule all along the line? A. I think that is a fair

Q. So that I would rather gather that, on that
[illegible] you were asking for? A. That is quite right, but
simply because the primary duty on the yarn had been
raised to a minimum of 30, I would gather.

Q. The primary duty on yarn had been
raised to a minimum of 25? A. Yes, sir.

Q. That is, that yarn had been raised higher than
you had asked for? A. Had been raised higher, yes.
You see, you will notice here that we asked for 35
cents a pound in both places to equalize it.

Q. All I am getting at is that you submitted a
brief to the Government apparently of what you thought
the duty should be to give you protection, and you got
more than you were asking for? A. That is right,
sir.

Q. Yes. Then we come to the intermediate tariff,
on the same item, 321. The rate you asked for there
was 20 cents a pound and 20 per cent.? A. Yes, sir.
And you got 40% and 40 cents a pound. A. Yes.

Q. So that although the advalorem was reduced by
[illegible] you got twice as much specific as you had asked for?
A. For the same reason as before, because the primary
duty had been increased to a minimum of 20 cents.

Q. Yes. Then am I correct in saying this, that
[illegible] you asked, and that accordingly placed [illegible]
[illegible] along the line? A. I think that is a fair

statement.

Q. That is a fair statement? A. Yes.

Q. And then we come to the general tariff. In your brief you asked for 22½ cents per pound and 52½%? A. Yes.

Q. And you got 45% and 40 cents a pound? A. That ~~si~~ is right, sir.

MR. McRUER: Then may I file this brief, my lord?

THE COMMISSIONER: Yes, Mr. McRuer. It should be ascertainable in the Department whether this was ever submitted?

MR. McRUER: Yes, my lord. We have been searching. Mr. Hooper tells me that there have been searches in the Department, and I know I have caused diligent search to be made myself, and we are trying to find all these briefs, my lord. There was another one I was asking Mr. Gordon about that the Cotton Industry joined in, and that is dated the 30th of August as well.

MR. GORDON: Yes, I think I have that.

THE COMMISSIONER: Then this will be Exhibit 455.

EXHIBIT 455: Brief, silk and artificial silk industry, dated August 30, 1930.

THE COMMISSIONER: Did that go to the Department of Finance, or the Customs Department?

MR. HOOPER: It would be submitted to the Minister of Finance, Mr. Breadner may have got it, though.

MR. MORGAN: Then may I file this brief, my lord? [illegible] Mr. Donner. It should be ascertainable in the Department whether this was [illegible]

MR. MORGAN: Yes, my lord. We have been [illegible]. Mr. Hooper tells us that there have been searches in the Department, and I know I have caused diligent search to be made myself, and we are trying to find all these briefs, my lord. There was another one I was asking Mr. Gordon about that the Cotton Industry joined in, and that is dated the 30th of August as well.

[illegible]: Yes, I think I have that.

[illegible]: Prior, silk and artificial silk industry, [illegible] 30, 1933.

THE CHAIRMAN: Did that go to the Department of Finance, or the Customs [illegible]?

[illegible]: It would be [illegible] to the Chairman of Customs, Mr. [illegible] may have put in [illegible].

Q. Now, I don't think the e is much more I want to bother you with, Mr. Watson. Oh yes, did you have anythingto do with a bit of a storm that got up in the industry after these tariffs went on, when Courtaulds raised their prices and were charging higher prices than they were in England? A. Not that I can remember, sir.

Q. You don't remember having a part in that more or less acrimonious dispute that took place at that time? A. At some time or other I have fought with most everybody.

Q. I was just wondering if you were in that fight, Mr. Watson? A. I don't remember, sir.

Q. Do you remember some difficulty arising, and I think that Mr. Bennett himself eventually had to intervene in it. Complaints went in to the Department about the increase in the price of yarns that had taken place? A. I don't remember, sir.

Q. You donIt remember having anything to do with that? A. No, sir.

Q. Well now, did you have any part in the presentation of a case to the tariff Board in regard to the acetate yarn? A. I did.

BY THE COMMISSIONER: Q. You say you did? A. I did, yes, sir.

BY MR. McRUER: Q. Yes. You were applying to get a reduction in duty on acetate yarns? A. That is right, sir.

Q. So that as far as your proectionist views

Q. Oh you, did you have anything do with a bit of a storm that got up in the industry after these tariffs went on, when Courtaulds raised their prices and were charging higher prices than they were in England? A. Not that I can remember, sir.

Q. You don't remember having a part in that more or less acrimonious dispute that took place at that time? A. At some time or other I have fought with everybody.

Q. Do you remember some difficulty arising, -- Q. I don't remember, sir.

Q. Do you remember some difficulty arising, and I think that Mr. Bennett himself eventually had to intervene in it. Courtaulds went in to the Department about the increase in the price of yarns that had taken place? A. I don't remember, sir.

Q. You don't remember having anything to do with that? A. No, sir.

Q. Well now, did you have any part in the [illegible] board in regard to the acetate yarn? A. I did.

BY THE COURT REPORTER: Q. You say you did? A. I did, yes, sir.

Q. Yes. You were analyzing [illegible] a resolution to apply to Parliament? A. [illegible] right, sir.

go, Mr. Watson, there are limits to them as well.

A. As a matter of time, sir. I thought they had time enough to prove that they wished to sell to the industry.

Q. Now, just tell me, Mr. Watson, what it was. I am taking you a little bit away from Japanese competition at the moment.

THE COMMISSIONER: What is it you say they were asking for?

MR. McRUER: A reduction of duties on acetate yarns.

Q. What was your difficulty there, Mr. Watson? A. We were finding the Celanese Corporation producing yarn as an integral part of their manufacture in selling a celanese product cloth with which we were in competition and be unable to get anywhere near their selling price from a competitive point of view.

Q. Well, to sum that up, they would not sell yarn to you at a price that would enable you to weave that yarn and pay you? A. That is right, sir.

Q. Is it correct to say that the price that they quoted you on the yarn was almost equal to the price that the woven product would have sold at per pound? A. I don't know that I am prepared to go quite that far without looking into it a little more.

Q. At any rate, it is fair to say that you regarded ti as an exorbitant price, that you could not

produce the cloth and deal in it commercially? A. That is right, sir.

Q. Of course, the others of the industry in regard to this matter are all on record with the Tariff Board, and their views were given publicly at a hearing of the Tariff Board? A. That is right, sir.

Q. Now, you said that they had had time to show to the Tariff Board that they were willing to make those yarns and sell them to the industry? A. That is right.

Q. You mean after these tariffs were put on in 1930? A. That is right, sir.

Q. So that this tariff on yarn which was put on was high enough to exclude acetate yarns, as far as any commercial importations might be made, or importations made at such a price as to make them commercially advantageous? A. I think that is proven by the record of importations.

Q. Yes. You were rather left in the hands of Celanese, as far as your requirements of acetate yarns were concerned? A. Well, we had Courtaulds producing viscose.

Q. I know, but I am talking acetate? A. Yes, sir.

Q. As I say, you were entirely in the hands of the Celanese company if those tariffs came into effect? A. Quite.

Q. And the result was, that you were not able

produce the cloth and cord in it commercially?

A. That is right, sir.

Q. Of course, the witness of the industry in regard to this matter are all on record with the Tariff Board, sir. Have you seen the evidence at a hearing of the Tariff Board? A. That is right, sir.

Q. Now, you said that they had had time to show to the Tariff Board that they were willing to make these yarns and sell them to the industry? A. That is right.

Q. You mean after these tariffs were put on in 1926? A. That is right, sir.

Q. So that this tariff on yarn which was put on was high enough to exclude foreign yarns, so far as any commercial importations might be made, or importations made at such a price as to make them commercially advantageous? A. I think that is proven by the record of importations.

Q. Yes. You were rather left in the dark of delaneas, so far as your requirements of foreign yarns were concerned? A. Well, we had continuous producing viscose.

Q. I know, but I am talking about? A. Yes, sir.

Q. As I say, you were entirely in the hands of the Customs Department in these matters and the officers A. Yes.

Q. Now, the result was, that you had an extra

to get your supplies from them, and then you had to go back to the Tariff Board and ask for a reduction in the duty? A. That is right, after some years.

Q. Yes. Then we got a reduction in the duty in May of this year? A. Before that, sir. The Bennett Government gave us a reduction in duty from 28 to 20 minimum, if I remember rightly.

BY THE COMMISSIONER: Q. When? A. I cannot tell you the date, sir.

Q. Was it in 1935? A. The budget of 1935, possibly. I don't know the date.

THE COMMISSIONER: Probably we can get the information.

MR. McRUER: I have it right here. There was a reduction in 1934. Did that apply on both yarns? A. Well, the item covered both yarns, yes.

Q. The item covered both yarns? A. Yes.

Q. So that it was a reduction on both the acetate and the viscose yarns? A. Right.

Q. But you went back and pressed further for a reduction on acetate yarn? A. Quite right.

Q. After you had got the reduction on both? Then the situation still prevailed that the manufacturers of acetate yarns had a margin on you? A. Quite.

Q. Then you were not able to buy your acetate yarns so as to compete with them? A. Quite right, sir.

Q. Get your supplies from them, and then you had to go back to the Farrit board and ask for a reduction in the duty? A. That is right, after some years.

Q. Yes. Then to get a reduction in the duty in May of this year? A. Before that, sir.

The Honorable Government gave us a reduction in duty from 25 to 20 minimum, if I remember rightly.

MR. EL. COURT: Q. When? A. I cannot tell you the date, sir.

Q. Was it in 1920? A. The budget of 1920, possibly. I don't know the date.

Q. THE COURT: Probably we can get the information.

MR. [illegible]: Q. Was it [illegible] a reduction in 1924. Did that apply on both years? A. Well, the item covered both years, see.

Q. The item covered both years? A. Yes.

Q. So that it was a reduction on both the acetate and the viscose yarns? A. Right.

Q. And you went back and pressed further for a reduction on viscose yarn? A. Quite right.

Q. After you had got the reduction on both? Then the situation still prevailed that the manufacturers of acetate yarns had a margin on you? A. Quite.

Q. Then you were not able to buy your acetate yarns so as to compete with them? A. Quite right.

Q. Yes. Then you went back and applied to the Tariff Board for a further reduction, and I believe Mr. Sparks handed the case for the industry before the Tariff Board? A. Yes, he handled the case for a certain set of weavers.

Q. Were you one of them? A. Yes.

Q. And then you got a reduction in duty in May last on the acetate yarns? A. In the budget, yes.

Q. In the last budget? A. Yes.

Q. Now, have you been importing any acetate yarns since the reception took place in May? A. Not yet.

Q. You haven't yet? A. No, sir.

Q. Do you propose to do so? A. It is entirely a question of price a nd comptitive position,

BY THE COMMISSIONER: Q. By the way, what did the last budget do? A. Took off specific and made the ad valorem rate five per cent., sir.

Q. Instead of what? A. Instead of 20 per cent., and the minimum of 20 cents a pound less 10 per cent.

MR. HOOPER: No 10 per cent off the 5 per cent.

THE WITNESS: It is a straight ad valorem now, sir. The item is split into two parts, one covering acetate, and one covering viscose.

BY MR. McRUER: Q. Well, at any rate, Mr. Watson, this was regarded as sufficiently--

THE WITNESS: and 7½ per cent. on coloured acetate, sir.

Q. Yes. Then you went back and applied to the Tariff Board for a further reduction, and I believe Mr. Henry Dunlop has gone the rounds before the Tariff Board? A. Yes, he handed the case for a certain set of weavers.

Q. Was you one of them? A. Yes.

Q. And then you got a reduction in duty in May last on the ecclesiastic venue? A. In the budget, yes.

Q. In the last budget? A. Yes.

Q. Now, have you been importing any cloth since the reception took place in May? A. Not yet.

Q. You haven't yet? A. No, sir.

Q. Do you propose to do so? A. It is entirely a question of price a an competitive position.

BY THE CHAIRMAN: Q. By the way, what did the last budget do? A. Took off specific and made the ad valorem rate five per cent, sir.

Q. Instead of what? A. Instead of 30 per cent, and the minimum of 30 cents a pound lower it was.

MR. BOURINOT: No 10 per cent off the 5 per cent.

THE WITNESS: It is a straight ad valorem now, sir. The item is split into two parts, one covering cashmere, and one covering tweeds.

BY MR. BOURINOT: Q. Well, at any rate, Mr. Hutton, this has reduced the duty?

THE WITNESS: And 7½ per cent. on coloured cashmere, sir.

THE COMMISSIONER: What is the item number?

MR. HOOPER: 558-B, sir.

THE COMMISSIONER: Yes, thank you.

THE WITNESS: They are manufacturing a yarn that has the colour added, before spinning, and that is the item that covers 7½ per cent.

BY MR. McRUER: Q. Yes, there would be a further process? A. A further process, yes.

Q. At any rate, this matter of acetate yarns was sufficiently important that a submission was made to the Tariff Board for a reduction in it, and I take it that the Industry felt that it would be beneficial to them and their business to get the acetate yarn imported at a lower rate of duty? A. We had hoped it would be, sir.

Q. You had hoped it would be? A. Yes.

Q. And you are not starting to make into the market yet, but I take it that that is a branch of the trade that you have to work up? A. Well, it depends a great deal, in the first instance, on what we can buy yarn for in England.

Q. Yes, of course, you have yet to determine what the yarn is going to cost you laid down here. A. Yes, and what the competitive position is.

Q. What the yarn is going to cost you laid down here and what the competitive position is? A. Yes.

Q. And how far the Celanese people reduce their price on woven fabrics, and so on? A. Well,

THE COMMISSIONER: What is the item number?

MR. HOLDEN: 5W-2, sir.

THE COMMISSIONER: Yes, thank you.

THE WITNESS: They are manufacturing a yarn that has the colour added, before spinning, and what is the item that covers Ig per cent.

BY MR. HOLDEN: Q. Now, there would be a further process? A. A further process, yes.

Q. At any rate, this matter of nearly yarns was sufficiently important that a submission was made to the Tariff Board for a reduction in it, and I take it that the industry felt that it would be beneficial to them and their business to get the acetate yarn imported at a lower rate of duty?

A. We had hoped it would be, sir.

Q. You had hoped it would be? A. Yes.

Q. And you are not anything so much into the market yet, but I take it that that is a branch of the trade that you have in mind? A. Well, it depends a great deal, in the first instance, on what we can buy yarn for in England.

Q. Yes, of course, you have yet to determine what the yarn is going to cost you laid down here.

A. Yes, and what the competitive position is.

Q. That the yarn is going to cost you laid down and what the competitive position is? A. Yes.

Q. And how far the Canadian people reduce their duties on woven fabrics, and so on? A. Well,

naturally.

Q. I understand that Celanese had reduced their prices since this came into effect, did you know that? A. I have heard it.

Q. But you cannot speak with authority on it? A. No.

Q. All right. Then these duties were propounded, in 1930, did you expect that you would get the full measure that you were asking for? A. We always hope that, sir.

Q. Well, I know, butis it not a very common thing that you ask for a little more than you hope to get? A. I have tried to stay away from that, sir.

Q. You have? A. Yes.

Q. Well, you apparently were unduly modest in this case? A. Well, that is a matter of opinion.

MR. McRUER: All right Mr. Watson, thank you.

RE-EXAMINATION BY MR. KELLOCK.

Q. My friend was asking you the other day, Mr. Watson, as to what your view was as to what the amount of protection should be, and he referred to a figure of 800 per cent. which was given as an illustration in the early days of the Commission, as applying to a certain product; that figure of 800 per cent. includes the surtax. Are you asking for the reimposition of the surtax? A. No, not at all.

formally.

Q. I mean that phrase had reached that process since this case came into effect, did you know that? A. I have heard it.

Q. But you cannot speak with authority on it? A. No.

Q. All right. Now have [illegible] in 1930, did you expect that you would get the full measure that you were asking for? A. We always hope that, sir.

Q. Well, I know, but is not a very common thing that you ask for a little more than you hope to get? A. I have tried to stay away from that, sir.

Q. You have? A. Yes.

Q. Well, you apparently were unduly modest in this case? A. Well, that is a matter of opinion.

MR. [illegible]: All right Mr. [illegible], thank you.

Q. My friend was asking you the other day, [illegible], to [illegible] the amount of protection should be, and he referred to [illegible] figure of [illegible] [illegible] illustration in the early days of the Commission, [illegible] supplying to a certain [illegible] product; that figure of 800 per cent. includes the surtax. Are you [illegible] for the reimposition of the surtax? A. No, not [illegible] at all.

MR. McRUER: How would you settle the war with Japan, then?

THE WITNESS: I will leave that to the Government, sir.

BY MR. KELLOCK: Q. Then my friend was asking you as to the extent of Japanese exports into Canada at the present time, and as to why there were not more. What do you say to that, Mr. Watson? Have you any knowledge as to why there are not more than there are at the present time? A. Well, when the Japanese Treaty came into effect, as General Manager of my companies it was necessary for me to decide on a policy, and the first thought that I had was, that if the government would reduce the duties so that Japanese goods could come into the market, then we would have to stop manufacturing, and that it would be good business on my part to a certain if we could buy Japanese fabrics and retail them or wholesale them and, with that point of view in mind, I went to New York and saw a large exporting house there, and discussed the matter with them.

Q. Export or import, Mr. Watson? A. Well, importing into New York, but the head office of the North American Cont inent of exportation from Japan into the United States and Canada.

Q. Yes? A. And I told them quite frankly what my point of view was, and we discussed the situation and told them the things that I would be interested in,

MR. MORGAN: How would you settle thenar with Japan, then?

THE CHAIRMAN: I will leave that to the Government, sir.

BY MR. HAMILTON: Q. From my friend's remarks you as to the extent of Japanese exports into Canada at the present time, and as to why there were not more. What do you say to that, Mr. Ransom? Have you any knowledge as to why there are not more than there are at the present time? A. Well, when the Japanese treaty came into effect, as general manager of my companies it was necessary for me to decide on a policy, and the first thing that I had was, that if goods could come into the market, then we would have to stop manufacturing, and that it would be good business on my part to a certain if we could buy Japanese fabrics and retail them or wholesale them and, with that point of view in mind, I went to New York and saw a large exporting house there, and discussed the matter with them.

Q. Export or import, Mr. Ransom? A. Well, importing into New York, but the head office of the North American Cord Insert of exportation from Japan into the United States and Canada.

Q. Then? A. And I told them quite frankly what my point of view was, and we discussed the situation. I told them the things that I would be interested in,

and gave them some ideas of the quantities, and asked them if they could give me some idea of what could be done. About the time that they were willing to tell me something I had to go to England on business. And, I might say, that all through this a certain gentleman in New York whom I knew as a go-between between Japanese manufacturers and potential buyers, had been carrying on negotiations, trying to close the deal, because I imagine he would get a commission on it finally. So when I came back from England he got in touch with me and asked me what had been done, and I told him nothing, and then he wanted to know when I would be in New York, and I told him I would be back in New York later and would get in touch with him, which I did, and propounded the theory to him: Now, this Royal Commission was sitting, and I thought that I knew enough about Japanese mind and the Japanese way of doing business to know that they would not hurt their case by doing anything from an importation point of view that would be detrimental, such as quoting low prices or shipping in large quantities of goods, to all of which he did not agree. We argued the question back and forth and then finally he said, Will you go down with me to New York and ask a certain line of questions. I said Yes I would, and then we saw the Japanese General Manager--

BY MR. McRUER: Q. Who was the Japanese General Manager? A. I cannot remember his name, sir.

and gave them some ideas of the quantities, and asked them if they could give me some idea of what could be done. About the time that they were willing to tell me something I had to go to England on business and, I might say, most all through this a certain gentleman in New York also I knew as a go-between between Japanese manufacturers and possibly himself had been carrying on negotiations, trying to close the deal, because I imagine he would get a round sum on it finally. So when I came back from England he got in touch with me and asked me what had been done, and I told him nothing, and then he wanted to know when I would be in New York, and I told him I would be back in New York later and could get in touch with him, which I did, and propounded the theory to him: Now, this Japanese commission was a thing, and I thought that I knew enough about Japanese mind and the Japanese way of doing business to know that they would not hurt their case by doing anything from an importation point of view that would be detrimental, such as quoting low prices or shipping in large quantities of goods, to all of which we did not agree. So argued the question back and forth and then finally he said, "Will you go down with me to New York and ask a certain line of questions, I said yes I would, and then we saw the Japanese commission.

Q. Q. Mr. Kelly, may you be referred to as Commissioner Kelly? A. I cannot remember his name, sir.

BY MR. KELLOCK: Q. General Manager of whom? A. General Manager of Mitsubishi Company, New York. And before we would ask the questions I said, "Well now, is it not a fact that with the Royal Commission sitting you do not want to take firm business at firm prices, so why waste our time. His answer may not have been in these words but it was to the point, that he did not unwittingly want to be the cause of disrupting any chances of a favourable trade treaty, and, therefore, it would be better to forget it for the time being, and that is the position at the moment.

. My friend referred you to Exhibit 414 which shows your purchases of yarns from Courtaulds, in the first five months of 1935 and 1936; and my friend directed your attention to the fact, that the totals in 1935 and in 1936 were very much in favour of 1936, that is, that your 1935 figure was 75,679, and your 1936 figure was 123,090. My friend did not ask you as to the difference between the two mills, that is, between Grouts Mill and Valleyfield, and I see that the position is one way in one mill and the other in the other mill.

MR. McRUER: I gave the total.

MR. KELLOCK: I know you did.

Q. I see that in Grouts' mill, in 1935, your purchases were 46,450, and in 1936 they were only 38,865. Whereas Valleyfield, in 1935, the purchases

A. General Manager of Nisbuhani Company, New York. And before we would ask the questions I said, "Well now, is it not a fact that with the Royal Commission sitting you do not want to take firm business at firm prices, so why waste our time." His answer may not have been in these words but it was to the point, a that he did not wwwittingly want to be the cause of disrupting any chances of a favourable trade ty, and, therefore, it would be better to forget it for the time being, and that is the position at the moment.

. My friend referred you to exhibit 414 which shows your purchases of yarns from Courtaulds, in the first five months of 1935 and 1936; and my friend directed your attention to the fact, that the totals in 1935 and in 1936 were very much in favour of 1936, that is, that your 1935 figure was 73,879, and your 1936 figure was 123,090. My friend did not ask you as to the difference between the two mills, that is, between Groute Mill and Valleyfield, and I see that the position is one way in one mill and the other in the other mill.

the figures were 29,229, and the 1936 purchases were 84,435. Now, is there any situation as between those mills which in any way accounts for that, Mr. Watson? A. I think I tried to explain, may be not in very great detail, at the time, that we had no control over dame fashion, and that if the lingerie trade wanted to go from cheap weighted silk to artificial I had to follow whether I wanted to or not, or lose all of that business. In Valleyfield, we cater, to a great extent, to the lingerie trade, and there has been a big swing from cheap weighted silk to flat crepes in certain lines of lingerie.

THE COMMISSIONER: That is real silk?

BY MR. KELLOCK: Q. That is real silk? A. Yes, artificial cloths, either satin or suede, which I think our consumption of silk in comparative years will show.

Q. And where do you make the bulk of your rayon goods? A. The bulk of our rayon goods are made at Valleyfield. We make our better class fabrics, that is, ~~that~~ the fabrics that we sell to the better class dress trade in St. Catharines, at Grout's Limited, St. Catharines. And that figure is liable to fluctuate back and forth; it depends a great deal on the style of dress as to what cloth will be used, and as those dresses must be gotten out at a very definite price range, in some instances, I can give them artificial and in some instances I can give them silk, where the price will allow us to give them silk.

the figures were 83,289, and the 1929 purchases were 84,455. Now, is there any situation as between those mills which in any way accounts for that, Mr. Watson? A. I think I tried to explain, may be not in very great detail, at the time, that we had no control over dame fashion, and that if the lingerie trade wanted to go from cheap weighted silk to artificial I had to follow whether I wanted to or not, or lose all of that business. In Valleyfield, we cater, to a great extent, to the lingerie trade, and there has been a big swing from cheap weighted silk to flat crepes in certain lines of lingerie.

THE COMMISSIONER: That is real silk?

BY MR. MALLOCK: Q. That is real silk? A. Yes, artificial cloths, either satin or suede, which I think our consumption of silk in comparative years will show.

Q. And where do you make the bulk of your rayon goods? A. The bulk of our rayon goods are made at Valleyfield. We make our better class fashion, that is, that the fabrics that we sell to the better class dress trade in St. Catharines, at Grout's Limited

Q. Mainviews. And just there is a trend in fluctuate back and forth; it depends a great deal on the style of dress as to what cloth will be used, and in Nine Sixteen Silk is quite not a very definite price range, in some instances, I can give them artificial and in some instances I can give them silk, where the price will allow us to give them silk.

whenever they want to say this dress is made of pure silk.

Q. You say there has been a swing away from silk in the lingerie trade? A. Yes.

Q. Then my friend referred to the discussion which took place between members of the Industry and a number of ministers in the early part of this year, and what had been discussed there. Were you discussing silk or artificial silk at that time with the ministers? A. At Ottawa.

Q. Yes? A. We were discussing artificial silk, if I remember rightly.

Q. Then my friend referred you to Exhibit 416, and later to a discussion in 1933, looking to ways and means for curtailing production in the industry. Did anything come of that? A. What is Exhibit 416, Mr. Kellock?

Q. Exhibit 416 is a letter from Major Hallam to Mr. R.H. Arnott, Vancouver, dated November 1st, 1934.

MR. McRUER: I am going into all that at a later stage, Mr. Kellock.

MR. KELLOCK: I was only going to ask the witness one question, if he remembers that, Mr. McRuer?

Q. Do you remember that part of your discussion that my friend examined you about, looking to the possibility of curtailing production? A. There had been discussions two or three times in regard to

whenever they want to say this dress is made of pure silk.

Q. You say there has been moving away from silk to the lingerie dress? A. Yes.

Q. Then my friend referred to the discussion which took place between members of the Treasury and a number of ministers in the early part of this year, and what had been discussed there. Do you discussing silk or artificial silk at that time with the ministers? A. At Ottawa.

Q. Yes? A. We were discussing artificial silk, if I remember rightly.

Q. Then my friend referred you to Rabbit Silk, and later to a discussion in 1930, looking to ways and means for curtailing production in the industry. Did anything come of that? A. What is Rabbit Silk, Mr. Hallock?

Q. Rabbit Silk is a letter [illegible] to Mr. R.H. Arnott, Vancouver, dated November 1st, [illegible]

MR. MCRUER: I am going into all that at a later stage, Mr. Hallock.

MR. HALLOCK: I was only going to ask the witness one question, if he remembers that, Mr. McRuer?

Q. Do you remember that part of your discussion [illegible] (Rabbit) [illegible] Have you been discussing [illegible]

curtailment.

Q. Did anything come of that? A. None that I know of.

MR. McRUER: You sent out three auditors to get reports on all the mills.

THE WITNESS: As far as I know, nothing came of it.

BY MR. KELLOCK: Q. Then my friend was discussing with you the apparent building up of large stocks in the industry in the last part of 1935 and the beginning of the present year. Is there any connection, in your view, between the existence of prohibitive duties against Japanese goods in the last part of 1935 when the surtaxwas on before, and the building up of these domestic stocks? A. There is none, in my view, because my view is, that an overproduction, -- in this case, it is felt for quite a long period of time, just as an under consumption. For instance, take a brand new plant. We started in St. Catharines, in June, 1924, As a matter of fact, I came to St. Catharines in Feb. 1924, and the first machine that we operated was June, 1924, and the first goods that we turned out commercially were not turned out until towards the end of that year, so that my view is that an over-production does not happen over night, and there is no connection between an increase in stocks and the surtax, as far as I am concerned.

Q. Your viewpoint being that that was in force too short a time? A. That is right.

building.

Q. Did anything come of that? A. None that I know of.

H. COURT: You sent out three auditors to get reports on all the mills.

THE WITNESS: As far as I know, nothing came of it.

BY MR. [illegible]: Q. Then my friend was discussing with you the apparent building up of large stocks in the industry in the last part of 1885 and the beginning of the present year. Is there any connection, in your view, between the existence of prohibitive duties against Japanese goods in the last part of 1885 when the surtax was on before, and the building up of these domestic stocks? A. There is none, in my view, because my view is, that an overproduction, -- in this case, it is felt for quite a long period of time, just as an under consumption. For instance, take a brand new plant. We started in St. Catharines, in June, 1919, as a matter of fact, I know in St. Catharines in Feb. 1924, and the first months that we operated was June, 1924, and the first goods that we turned out commercially were not turned out until towards the end of that year, so that my view is that an over-production does not happen over night, and there is no connection between an increase in stocks and the surtax, as far as I am concerned.

Q. Your viewpoint being that that was in force too short a time? A. That is right.

Q. Then were Japanese goods kept out during the whole of 1935? A. I think there were some importations, probably minor ones, according to your point of view; but I believe there were some importations.

Q. And did you expect to get some of the business that might have been supplied by Japanese goods otherwise? A. During the surtax?

Q. Yes? A. No, there wasn't enough coming in for anybody to start anything on.

Q. BY MR. McRUER: Raw silk was the only weapon you had? A. Practically speaking, yes.

BY MR. KELLOCK: Q. I am referring to Exhibit 436, Mr. Watson, which is the Exhibit which deals with the stock on hand of the various members of the Stock Association.

THE COMMISSIONER: On hand at what date?

MR. KELLOCK: It is each month, my lord.

THE COMMISSIONER: Right down to May?

MR. KELLOCK: Yes, my lord. No, down to the first four months in each of the years 1935 and 1936.

MR. McRUER: No, no. This deals with eachmonth from the month of December, 1934, to the month of April, 1936.

MR. KELLOCK: That I was going to draw the witness's attention to was the first four months of each year.

Q. You have made a summary of what they are, Mr. Watson, that is, the first four months in each

Q. Does your figures really and truly divide the whole of 1937? A. I think there were some improvements, probably minor ones according to your point of view; but I believe there were some improvements.

Q. Are did you expect to get some of the business that might have been sup lied by Japanesegoods otherwise? A. [illegible]

Q. Have Mr. [illegible] anyone to assert a strong co.

A. [illegible]

Q. Yes.

MR. VANSTONE: I am reporting to inquiry 456, Mr. Watson, which is the inquiry which deals with the stock on hand of the various members of the Stock Association.

THE COMMISSIONER: In hand at what date?

MR. ROBINSON: It is each month, my lord.

THE COMMISSIONER: Right down to May?

MR. ROBINSON: Yes, my lord. No, down to the first four months in each of the years 1935 and 1936.

MR. McKINNON: No, no. This deals with movement from the month of December, 1936, to the month of April, 1936.

MR. ROBINSON: What I was going to draw the witness's attention to was the first four months of each year.

Q. You have made a summary of what they are, Mr. Watson, are Q. the first four months in each

year, and you gave some evidence that, in your opinion, buyers' minds were disturbed in the early part of the current year owing to this threatened Japanese competition. Is there anything in that exhibit that, in your view, relates to that point? A. It struck me the other day when Mr. McRuer was giving me the deliveries for those months, that it rather proved my statement, inasmuch as deliveries in 1936, w for January and February, were lower than they were in 1935; in March, they were slightly higher in 1936, and in April they were slightly higher. My deductions are, that when the treaty was first signed in January the buyers felt that they could bring in Japanese goods and our deliveries slowed down.

BY MR. McRUER: Q. Only after the mill closed at Sherbrooke? A. The Sherbrooke Mill are not in these figures, sir. These are silk mill figures. That means that possibly the Japanese are not trying to sell, or the Government are keeping them out for some reason or other. They still show a slight increase in April.

Q. You state, Mr Watson, that is your deduction from those figures. What about your own experience in your own business? A. That parallels the experience in our own business.

MR. KELLOCK: Then, my lord, the other day when Mr. Watson was in the box and being examined by myself in chief, there came up the question as to what the

year, and you gave some evidence that, in your opinion, buyers' minds were disturbed in the early of the current year owing to this threatened Japanese competition. Is there anything in that exhibit that, in your view, relates to that point? A. It strucks me the other day when Mr. Conner was giving me the information for which he asked, that if Japan proved my statement, January on deliveries in 1935, a for January and February, were lower than they were in 1934; in March, they were slightly higher in 1935, and in April they were slightly higher. My deductions are, that when the treaty was first signed in January the buyers felt that they could bring in Japanese goods and our deliveries slowed down.

BY MR. MACKENZIE: Q. Only after the mill closed at Sherbrooke? A. The Sherbrooke Mill are not in these figures, sir. These are silk mill figures. That means that possibly the Japanese are not trying to sell, or the Government are keeping them out for some reason or other. They still show a slight increase in April.

Q. You state, Mr. Mason, that in your deduction from these figures. That about your own experience in your own business? A. That parallels the experience in our own business.

MR. FULLERTON: Then, my lord, the other day when Mr. Bates was in the box you being examined by Mr. Ward in chief, there came up the question as to what the

value of the yen in 1937 would be, based on the last five years.

THE COMMISSIONER: What it is going to be next year under the new arrangement?

MR. KELLOCK: Yes, my lord, and I have had sent to me by Major Hallam a complete set-up of the computation and supporting material, including a letter from Mr. Skelton, which sets out how the figure for 1936 was arrived at, and what figures were taken, and the computation is based on the same figures. But for the additional year 1935, With your Lordship's permission I should like to put that in at this stage.

MR. McRUER: My objection to dealing with this is, that I want to get the figures before the Commission accurately. Mr. Hallam is not an exchange expert by any means. At least I think I am fair in saying that. After the first letter he sent down he sent another one showing how the first figure was wrong, and I think it is rather a simple matter if we can get it done by an exchange expert.

THE COMMISSIONER: It is a technical matter. It will have to be done anyhow for the purpose of the tariff, and I think you are right in asking to have it done more accurately by an expert.

MR.KELLOCK: Then, my lord, if I could hand this to my friend and ask him to check it, and if it is right--

value of the yen in 1927 would be, based on the last five years.

THE COMMISSIONER: What it is going to be next year under the new arrangement?

MR. KINLOCH: Yes, my lord, and I have had sent to me by Major Hallam a complete set-up of the computation and supporting material, including a letter from Mr. Shelton, which sets out how the figures for 1926 was arrived at, and what figures were taken and the computation is based on the same figures.

MR. MONTGOMERY: My objection to dealing with this is, that I want to get the figures before the Commission accurately. Mr. Hallam is not an accountant expert by any means. At least I think I am fair in saying that. After the first letter he sent down he sent another one showing how the first figure was wrong, and I think it is rather a simple matter if we can get it done by an exchange expert.

THE COMMISSIONER: It is a technical matter. It will have to be done anyway for the purpose of the tariff, and I think you are right in asking to have it done more accurately by an expert.

MR. KINLOCH: Then, my lord, if I could hand this to my friend and ask him to check it, and if it is right--

MR. McRUER: We can get something we will agree on. I will see that it is done and submitted to my friend.

MR.KELLOCK: That is all, thank you, Mr. Watson.

RE-CROSS-EXAMINATION BY MR. McRUER.

Q. Mr. Watson, you made a statement a minute ago that I would like to get your full explanation for You were giving reasons why Japanese goods were not selling in the Canadian Market. One, you said that they might not be desiring to sell while this Commission is sitting. The other, you said the Government may be keeping them out, for some reason or other. Now, I want any foundation that you have got for the suggestion that the Government are keeping Japanese goods out at the present time? A. I haven't any.

Q. Why did you make that suggestion? A. I meant, looking into the future and explain why certain things don't happen, - to decide the policy of my company.

Q. Yes, but why did you make the suggestion, Mr. Watson, that the Government at this time were keeping Japanese goods out, - doing something by subterfuge; they have appointed a Royal Commission to look into this matter? A. Quite.

Q. Now, do you suggest that theGovernment, while this Royal Commission is sitting, is keeping Japanese

Mr. McKay: We can get something we will agree on. I will see that it is done and submitted to my friend.

Mr. Mitchell: Well in all, I must say, Mr. Mitchell

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Q. Mr. Watson, you made a statement a minute ago that I would like to get your full explanation for. You were giving reasons why Japanese goods were not selling in the Canadian market. One, you said that they might not be desiring to sell while this commission is sitting. The other, you said the government may be keeping them out, for some reason or other. Now, I want any foundation that you have got for the suggestion that the Government are keeping Japanese goods out at the present time? A. I haven't any.

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Q. Why did you make that suggestion?

A. I meant, looking into the future and explain why certain things don't happen, - to decide the policy of my company.

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Q. Yes, but why did you make the suggestion, Mr. Watson, that the Government at this time were keeping Japanese goods out, - doing something by subterfuge; they have appointed a Royal Commission to look into it? A. Quite.

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Q. Now, do you suggest that the Government, while this Royal Commission is sitting, is keeping Japanese

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goods out? A. I said they might.

Q. Do tyou suggest that they are? A. No.

Q. Well, you said they might be doing it?

A. That is right.

Q. Have you any evidence of it at all? A. None whatever.

(Page 6970 follows)

THE COMMISSIONER: Q. I think the real point is how could they do it? Here is customs tariff and if I import a piece of Japanese goods I have to pay the duty. How could anybody keep it out. What do you mean the Government might keep it out?

A. Well, might find that the value for home consumption has not been correct according to their view or according to their information.

Q. Is that going on? A. I don't know, sir.

Q. You mean the officers in charge of the customs? A. In charge of enforcement.

MR. McRUER: Q. Mr. Hooper tells me that the last letter from the Department authorized duty collectors to adopt invoice value? A. Well, there would not be--

THE COMMISSIONER: Well, perhaps if there is any such suspicion of any such trickery as that you might get some official of the customs department who can talk about it.

MR. McRUER: Yes, and if you have any idea there is any such trickery--

THE COMMISSIONER: It would be a dangerous thing to do because the importers have rights.

MR. McRUER: Q. You are making a suggestion and I think it is a suggestion of a very unfair and inicuitious practice. I do not know whether you

THE COMMISSIONER: Tell me what point is

how could they do it? Here is customs tariff and

if I import a piece of jewellery under I have to

pay the duty. How could anybody keep it out. What

do you mean the Government might keep it out?

A. Well, might find that the value for home con-

sumption has not been correct according to their

view or according to their information.

Q. Is that wrong Mr. A. I don't

know, sir.

Q. You mean the officers in charge of the

customs? A. In charge of enforce-

ment.

Q. Mr. Phelps, this is the first

last letter from the Department authorized duty

collectors to adopt invoice value? A. Well,

there would not be--

THE COMMISSIONER: Well, perhaps if there is

any such suspicion of any such trickery as that you

might get some official of the customs department

who can talk about it.

Mr. McGUIGAN: Yes, and if you have any idea there

is any such trickery--

THE COMMISSIONER: It would be a dangerous thing

to do because the importers have rights.

Mr. GIBSON: The AIR POLICY - manufacturer

and I think it is a suggestion of a very unfair and

injurious practice. I do not know whether you

did it advisably or not? A. No, I did not.

Q. Or something you made offhand without realizing how serious the suggestion was?

A. That is right.

Q. Because it would mean that the officials of the Customs Department were derelict in their duty in administering the law for the purpose of some trickery by the others? A. Quite.

Q. And I think it is quite unfair to make such a charge against officials unless you have some information? A. Quite.

Q. And then you will agree there is no foundation for it? A. That is right.

Q. You spoke of some interview with General Manager of Mitsubishi in New York? A. Yes.

Q. Did you make any inquiries to find out whether Mitsubishi & Company was selling any rayons in the United States? A. No.

Q. And if they could not sell in the United States can you tell me how they could sell here?

A. Well, on the surface the United States tariff appears to be higher inasmuch--

Q. Appears to be lower? A. 40 or 45 cents a pound against our 45 cents a pound and our 36%.

Q. Yes, but you know the United States tariff is lower because we have dumping and we have currency

did it advisedly or not? A. No, I did not.

Q. If something you made offhand without realizing how serious the suggestion was?

A. That is right.

Q. Because it would mean that the officials of the Customs Department were derelict in their duty in administering the law for the purpose of some trickery by the others? A. Quite.

Q. And I think it is quite natural to make such a charge against officials unless you have some information? A. Quite.

Q. And then you will agree there is no foundation for it? A. That is right.

Q. You spoke of some interview with General Manager of Mitsubishi in New York? A. Yes.

Q. Did you make any inquiries to find out whether Mitsubishi & Company was selling any rayons in the United States? A. No.

Q. And if they could not sell in the United States can you tell me how they could sell here?

A. Well, on the surface the United States tariff appears to be higher isn't it--

Q. Appears to be lower? A. 60 or 65 cents a pound against our 45 cents a pound and our 35%.

Q. Yes, but you know the United States tariff is lower because we have dumping and we have currency

valuation and the United States--? A. I think I said in my former evidence that it is my understanding that they administered the tariff on the basis of the value of home manufacture.

Q. You say that is your understanding. Where did you get it because there is not any foundation for it. Now, I am asking you where you got that? A. Well, my experience with American tariffs are that when they find a rate is inadequate that is the first thing they do.

Q. This is something like the conversation about our customs officials - you have not the slightest foundation that you can give me for making that suggestion? A. I know of no concrete example.

Q. Nobody ever told you the tariff was administered that way down there? A. On rayon goods?

Q. Yes. A. No.

Q. On some goods the law is they are to do it that way, but we are not dealing with that? A. There is no loawon dresses and that is the way they administered it upon some dresses my friend made in Canada.

Q. Your friend trying to smuggle some dresses in? A. No, manufactured dresses and sent to the United States.

THE COMMISSIONER: Manufactured where? A. In Toronto and sent to the United States.

valuation and the United States--? A. I think I said in my former evidence that it is my understanding that they administered the tariff on the basis of the value of home manufacture.

Q. You say that is your understanding. Where did you get it because there is not any foundation for it. Now, I am asking you where you got that? A. Well, my experience with American tariffs has been that when they find a rate is inadequate that is the first thing they do.

Q. This is something like the conversation about one another officials - you have not the slightest foundation but you are give me for making that suggestion? A. I know of no concrete example.

Q. Nobody ever told you the tariff was administered that way down there? A. In Dayton goods?

Q. Yes. A. No.

Q. On some goods the law is they are to do it that way, but we are not dealing with that.

A. There is no Jackson dresses and that is the way they administered it upon some dresses my friend made in Canada.

Q. Your friend trying to smuggle some dresses into? A. No, manufactured dresses and sent to the United States.

The COMMISSIONER: Manufactured where? A. In Toronto and sent to the United States.

MR. McRUER: Q. Well, I will invite you to submit any evidence to the Commission or tell me where I can get any evidence that the Customs duties in the United States on rayon goods are administered in that way or that the duty is not applied as it is written in the statute book. Now, I will invite you to give me any leads on that at all?

A. Thank you.

Q. Now, you do not know of rayon goods being sold by Mitsubishi in the United States? A. I do not want to appear to give you a trite remark but I am quite busy looking after my own business in Canada.

Q. You are down there interested in whether they could import into Canada and would not the first thing you would ask me: well, are you able to compete in the United States? A. I don't know even at that time if I knew the rate.

Q. Would not it occur to you one of the first things you would require - what is the customs duty into the United States? A. I was not going to import them into the United States.

Q. Of course you were not. Were you proposing to import into Canada? A. Yes.

Q. You were proposing to import these Japanese goods? A. Yes.

Q. When did you make up your mind you would do that? A. When I seen the new rates and the tariff.

Mr. Morden: Q. Well, I will invite you to commit any evidence to the Commission or tell us where I can get any evidence that the Customs duties in the United States on green goods are administered in that way or that the duty is not applied as it is written in the statute book. Now, - will invite you to give us any leads on that at all?

A. Thank you.

Q. Now, you do not know of imports being sold by Kitsubishi in the United States? A. I do not want to appear to give you a true answer but I am quite busy looking after my own business in Canada.

Q. You are down there interested in whether they could import into Canada and would not the first thing you would ask is: Well, are you able to compete in the United States? A. I don't know even at that time if I knew the rate.

Q. Would it occur to you one of the first things you would inquire - what is the duty into the United States? A. I was not going to import them into the United States.

Q. If course you were not. Were you proposing to import into Canada? A. Yes.

Q. You were proposing to import these Japanese goods? A. Yes.

Q. Does his grey work by hand like you would do it? A. Does I pass the new grass and the grass?

Q. Did you have any correspondence about it? A. No, all done verbally.

Q. With whom? A. By a visit made to New York.

Q. With whom? A. With the manager.

Q. With whom? A. Manager of Mitsubishi. Company.

Q. You don't know his name? A. No.

Q. There was another man? A. The go-between?

Q. Yes. A. Mr. Reece.

Q. What is his address? A. I can get it for you.

Q. What is his business? A. I think he is a go-between between Japanese interests and possible buyers.

Q. How did you get in touch with Mr. Reece? A. I have known him for some years. He sells a very large range of things.

Q. You don't know his address? A. As a matter of fact I buy Japanese spun silk from him, spun silk yarn from him.

Q. You don't know his address? A. I can get it for you.

Q. You don't know it? A. Not offhand.

Q. Did you buy Japanese spun silk yarn from him? A. That is right.

Q. Did you have any correspondence about it by - by, did you correspond?

Q. With whom? A. By a visit made to her - one.

Q. With whom? A. With the manager.

Q. His name? A. Henry or Henrietta.

Q. You don't know his name? A. No.

Q. There was another man? A. The go-between.

Q. Yes.

Q. What is his address? A. I can get it for you.

Q. What is his business? A. I think he is a go-between between Japanese interests and possible buyers.

Q. How did you get in touch with Mr. Hosoi? A. I have known him for some years. He sells a very large amount of silk.

Q. You don't know his address? A. As a matter of fact I buy Japanese spun silk from him, spun silk yarn from him.

Q. You don't know his address? A. I can get it for you.

Q. You don't know it? A. Not offhand.

Q. Did you buy Japanese spun silk yarn from him? A. Yes.

Q. And did the suggestion come from you or from him that you should go into the business of selling Japanese goods in Canada? A. I would not like to say definitely that it came from either side, more or less occurred just at the same time.

Q. When was this it occurred? A. Some time in February I would imagine.

Q. That would be after this Commission was announced? A. Well, maybe right before the Commission.

Q. This Commission was announced 7th January? A. Possibly the end of January or--

Q. I would like to know more definitely. This is put forward as a serious piece of evidence and I want to know all about it. You cannot tell me whether it was in January or February you had--? A. No, not definitely.

Q. You were proposing to import and sell woven fabric, were you? A. Yes.

Q. Not yarn? A. No.

Q. You had no correspondence with anybody? A. None that I can remember.

Q. Well, I want you to search--

A. With the possible exception of saying when I will be in New York.

Q. I would like even that. That would give us a date. Any correspondence you have got about the

Q. And did the suggestion come from you or from him that you should go into the business of selling Japanese goods in Canada? A. I would not like to say definitely that it came from either side, more or less concurred just at the same time.

Q. When was this it occurred? A. Some time in February I would imagine.

Q. That would be after this Commission was announced? A. Well, maybe right before the Commission.

Q. This Commission was announced 7th January? A. Close by the end of January or--

Q. I would like to know more definitely. This is put forward as a serious piece of evidence and I want to know all about it. You cannot tell me whether it was in January or February you had--?

A. No, not definitely.

Q. You were proposing to import and sell woven fabric, were you? A. Yes.

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Q. You had no correspondence with anybody?

A. None that I can remember.

Q. Well, I want you to recall--

A. With the possible exception of saying when I will be in New York.

Q. I would like even that. That would give us a date. Any correspondence you have got about the

matter I would like to have it, You went down to New York and you saw this go-between? A. Yes.

Q. And what was the proposition? A. That we go down to the house and find out what they could do.

Q. Go down to Mitsubishi. A. Yes.

Q. And find out what they could do? A. Yes.

Q. And you went down to Mitsubishi? A. Yes.

Q. And what did the general manager of Mitsubishi say to you? A. Showed samples.

Q. Showed samples of Japanese goods? A. Yes.

Q. Did you examine them? A. Yes.

Q. Did you get prices? A. No definite prices.

Q. Did you figure laid down cost? A. No.

Q. Did you find or did you figure how much Canadian tariff would be on them? A. Well, that was right out in the treaty.

Q. Did you figure on those different articles? A. I had no definite prices.

Q. Who had not? A. I had not and they had not either.

Q. So then they could not be selling any if they did not have definite prices? A. Possibly.

Q. Well then, you went to this man and he could not quote you any definite prices and you never took the trouble to figure out what the duty

matter I would like to have it. You went down to
new York and you saw this go-between? A. Yes.
Q. And what was the proposition? A. That
we go down to the house and find out what they could
do.
Q. Go down to Altrubishi. A. Yes.
Q. And find out what they could do? A. Yes.
Q. And you went down to Altrubishi? A. Yes.
Q. And did the [illegible]
attachment say to you. A. [illegible]
Q. Showed samples of Japanese goods? A. Yes.
Q. Did you examine them? A. Yes.
Q. Did you get prices? A. No
definite prices.
Q. Did you figure land down cost? A. No.
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Canadian tariff would be on them? A. Well,
that was right out in the treaty.
Q. Did you figure on them different articles?
A. I had no definite prices.
Q. Who had not? A. I had not
and they had not either.
Q. So then they could not be selling any if
they did not have definite prices.
(Question)
Q. Well then, you went to this man and he
could not quote you any definite prices and you
never took the trouble to figure out what the duty

would be or what the laid down cost would be?

A. Yes.

Q. That was the next stage in the negotiations?

A. I went to England on business.

Q. It dropped there? A. Yes sir.

THE COMMISSIONER: Q. When did you go to England? A. Some time the end of February I think.

MR. McRUER: Q. You can tell me to a week when you sailedfor England? A. Unfortunately I live in the future not in the past. I have to try to chart the future rather than worry about what happened in the past.

THE COMMISSIONER: You cannot give evidence about the future.

THE WITNESS: But you can about the past.

THE COMMISSIONER: You must about the past.

MR. McRUER: Q. It is a nice way to live?

A. I can find out definitely for you.

Q. You went to England? A. It will be on our books when they bought my ticket, etc.

Q. You sailed from New York? A. Yes.

Q. So that on this trip when you were down to New York when you interviewed Mitsubishi you sailed then for England? A. No, I don't think so. I came back home and then transacted some of my own business and then later on went to New York and sailed for England.

would be re-elected the LIBERAL Party would decide that.

Q. What was the next stage in the negotiations?

A. I went to England on business.

Q. It dropped there? A. Yes sir.

THE COMMISSIONER: Q. When did you go to England? A. Some time the end of February I think.

MR. MCGUIGAN: Q. You can tell me to a week when you called for England? A. Unfortunately I live in the future not in the past. I have to try to chart the future rather than worry about what happened in the past.

THE COMMISSIONER: You cannot give evidence about the future.

THE WITNESS: But you can about the past.

THE COMMISSIONER: You must about the past.

MR. MCGUIGAN: Q. It is a free way to live?

A. I can find out definitely for you.

Q. You went to England? A. It will be in our books when they bought my ticket, etc.

Q. You sailed from New York? A. Yes.

Q. So that on this trip when you were down to New York when you interviewed Hibernia you sailed then for England? A. No, I don't think so. I came back home and then transacted some of my own business and then later on went to New York and sailed for England.

Q. I would like to know exactly when you had this interview with Mitsubishi. Was there any suggestion made by the general manager of Mitsubishi that they would not do any business with you?

A. Other than what I testified.

Q. What did you say?- I have just forgotten?

A. Could you read it from the record?

Q. No, I want to hear what you state that the general manager of Mitsubishi said to you?

THE COMMISSIONER: You must say it again.

THE WITNESS: The go-between said: would you go down and see him? And I said, "yes" and we called up and found out he was in and went down and before we got started arguing in any shape or form I said the point is I am of the opinion that you don't want to do business under present circumstances due to the Royal Commission sitting, and he etc., and he said: Well, that is more or less so, I don't want to be unwittingly the cause of disrupting possible favourable treaty relations.

MR. McRUER: Q. This is the situation, is it? You go to see the general manager of Mitsubishi in order to try and get a new business for yourself?

A. Or take the place of my own.

Q. Well, it is a new business. You never had been an importer of Japanese goods before?

A. Quite.

Q. So, with that in view that you are going to

Q. I would like to know exactly when you had this interview with Aitsubishi. Was there any suggestion made by the general manager of Aitsubishi that they would not do any business with you?

A. Other than what I testified.

Q. What did you say? I have just forgotten?

A. Could you read it from the record?

Q. No, I want to hear what you state that the general manager of Aitsubishi said to you?

THE CHAIRMAN: You must say it again.

The witness: The go-between said: would you go down and see him? And I said, "Yes" and we called up and found out he was in and went down and before we got started arguing in any shape or form I said the point is I am of the opinion that you don't want to do business under present circumstances due to the Royal Commission sitting, and he said, "Well, that is more or less so, I don't want to be unwittingly the cause of disrupting possible favourable treaty relations.

MR. MORDEN: Q. This is the situation, is it? You go to see the general manager of Aitsubishi in order to try and get a new business for yourself?

A. In take the place of my c.m.

Q. Well, it is a new business. You never had been an importer of Japanese goods before?

A. Quite.

Q. So, with that in view that you are going to

embark on a new business in Canada, you go down and say to the general manager: I don't think you want to sell to me, I don't think you want to sell when the Royal Commission is sitting. What in the world was the use of your wasting your time going down to tell the general manager that you did not think he wanted to sell to you? A. That is what I told the go-between over the phone.

Q. You had arranged to go and see this man, you went down there, you had some correspondence saying when you would be there and you wanted to open it up and your first remark was: Well, I don't think you want to do business when the Royal Commission is sitting? A. I did not arrange for this trip.

Q. You arranged to see him when you went down. Are you serious in this? A. Yes.

Q. Serious that is what you said to him when you went down there? A. Yes sir.

THE COMMISSIONER: Did you tell us when it was? A. This was after I came back and I think I sailed from England the 12th of March, I am not sure.

MR. McRUER: Q. After you came back? A. From England.

THE COMMISSIONER: Q. I thought you said a while ago it was before you went to England? A. No sir, I hope I did not.

MR. McRUER: Q. I asked you what happened after

embark on a new business in Canada, you go down and say to the general manager: I don't think you want to sell to me, I don't think you want to sell when the royal commission is sitting. What in the world was the use of your wasting your time going down to tell the general manager that you did not think he wanted to sell to you? A. That is what I told the go-between over the phone.

Q. You had arranged to go and see this man, you went down there, you had some correspondence saying when you would be there and you wanted to open it up and your first remark was: Well, I don't think you want to do business when the royal commission is sitting? A. I did not arrange for this trip.

Q. Do you mean to say that you never gave your reasons in mind? A. No.

Q. Beyond that is what you said to him when you went down there? A. Yes sir.

Q. Did you tell us when it was? A. This was after I came back and I think I called from England the 12th of March. I am not sure.

Q. Mr. [illegible]: Q. After you came back?

A. From the land.

Mr. [illegible]: Q. I thought you said a while ago it was before you went to England? A. No sir, I hope I did not.

Mr. [illegible]: Q. I asked you what happened after

that and then you said: I sailed for England.

A. Well, I did not mean it that way.

THE COMMISSIONER: Q. Did not you say it was either January or February? A. Was the start of negotiations.

MR. McRUER: Q. You told us that it was in January or February and you did not know--?

A. We started the negotiations.

Q. I am going to get the start of them - what was the start of the negotiations? A. I was in New York and inquired of Mr. Reece, who I knew was a go-between between Japanese interests and possible buyers of Japanese goods as to what the possibility was of importing Japanese goods into Canada.

Q. That was the very beginning of it? A. That is right.

Q. When was that? A. I would say somewhere around the latter part of January or the first part of February.

. Well, you are in New York there? A. Yes sir

Q. Mr. Reece was there, and that was the latter part of January or the beginning of February?

A. Yes sir.

Q. Then did you go to see Mitsubishi man then?

A. Yes.

Q. Was that when you told him - I don't think you want to deal with me? A. No,

that and then you said: I sailed for England.

A. Well, I did not mean it that way.

Mr. Donald Kerr: Q. Did not you say it was either January or February? A. Was the start of negotiations.

Mr. McCullough: Q. You told us that it was in January or February and you did not know--

A. We started the negotiations.

Q. I am going to get the start of them - what was the start of the negotiations? A. I was in New York and inquired of Mr. Reese, who I knew was a go-between between Japanese interests and possible buyers of Japanese goods as to what the possibility was of importing Japanese goods into Canada.

Q. That was the very beginning of it? A. That is right.

Q. When was that? A. I would say somewhere around the latter part of January or the first part of February.

Q. Well, you are in New York there? A. Yes sir.

Q. Mr. Reese was there, and that was the latter part of January or the beginning of February?

A. Yes sir.

Q. Then did you go to see Mitsubishi men then?

A. Yes.

Q. Was that when you told him - I don't think you went to deal with me? A. No.

that is when I told him that we would be interested in.

Q. And what did he say? A. He showed some samples and said that he would look into the situation in regard to prices, etc.

Q. And showed you some samples - he did not have any prices? A. That is right.

Q. So that we have the general manager of Mitsubishi with samples and no prices? A. That is right.

Q. Well, he could not have been doing a very flourishing business? A. Well, that I cannot answer.

Q. Then what did you ask him? A. I asked him if he would get some information and then I sailed for England on a business trip, not from New York at that time, but later.

Q. Then you came back here and then you went back? A. I went back to New York and sailed to England.

Q. When did you get back from England? A. Somewhere around the end of March I believe.

Q. Then you went back to New York? A. I found Mr. Asece had beentrying to get in touch with me and I went back to New York.

Q. When was it you were back in New York? A. I imagine sometime in April.

MR. GILLOCK: If my friend wants the correspondence

very is very. I tell you that as would be interesting

life.

Q. And what did he say? A. He

showed some samples and said that he would look into

the situation in regard to prices, etc.

Q. Did anyone you some samples - he did not have

any prices? A. That is right.

Q. So that we have the general manager of

Kilbourn with samples and no prices? A. That

is right.

Q. Well, he could not have been doing a very

flourishing business? A. Well, that

I cannot answer.

Q. Then what did you ask him? A. I

asked him if he would get some information and I so

I called that business as a business try, and then

New York at that time, but later.

Q. Then you came back here and then you went

back? A. I went back to New York

and sailed to England.

Q. When did you get back from England? A.

Somewhere around the end of March I believe.

Q. Then you went back to New York? A. I

found Mr. Reese had been trying to get in touch with

me and I went back to New York.

Q. When was it you were back in New York?

A. I imagine sometime in April.

Q. MR. KNOX: If my friend wants the correspondence

that fixes the date the witness will get it. The witness is doing his best.

MR. McRU R: How do you know?

MR. KELLOCK: Well, be fair to him.

MR. McRUER: How often have you been to New York since Christmas? A. Oh, it is pretty hard to say, I would say at least half a dozen times.

Q. Have you been there since the trip we have been referring to? A. Yes.

Q. How many times? A. At least once.

Q. When were you there last? A. About three weeks ago.

Q. And you cannot tell me whether it was in April or not that you had this interview with the general manager of Mitsubishi? A. Well, I cannot tell you theexact date, no.

Q. Was it in April? A. Yes, I believe it was in April.

Q. And you swear you had an interview with the general manager of Mitsubishi in April? A. Yes sir.

Q. And at that time you told him: I don't think you want to do business with me? A. That is quite right.

Q. While this Royal Commisson is sitting? A. Yes sir.

Q. That suggestion eminated from you?

that fixes the date the witness will put it. The witness is doing his best.

MR. WOOD K: How do you know?

MR. WOOD K: Well, he talk to him.

MR. WOOD K: For often have you been to see Lord since Christmas? A. Oh, it is pretty hard to say, I would say we lost call a dozen times.

Q. Have you been down at Lord this trip we were been rehearing for? A. Yes.

Q. How long stayed? A. I don't remember.

Q. Does this date fix it? A. Does it fix it?

Q. And you cannot tell us whether it was in April or not, or was this interview with the general manager or not? A. Well, I cannot tell you a certain date, no.

Q. Was it in April? A. Yes, I believe it was in April.

Q. And you swear you had an interview with the general manager of Lord in April? A. Yes sir.

Q. Now, I have you, Mr. Lord, I don't think you went to no conference with Mr. A. That is quite right.

Q. While this day I conference is at Lord? A. Yes sir.

Q. That suggestion emanated from you?

A. Yes.

Q. Now, I suggest to you that you went down there just to tell him that - I don't think you want to do business with me while this Royal Commission is sitting? A. Why should I suggest that?

Q. Why did you go to see him at all?

A. Because the go-between asked me to, to try and fix up a deal, because he wants to get a commission.

Q. Did you arrange to pay him a commission?

A. No. Surely the man does not work for nothing?

Q. Reece is a man you have known for a long time? A. Quite some time.

Q. A close friend of yours? A. No, just a business acquaintance.

Q. At any rate, were you seriously interested in going on with the deal when you were in New York in April? A. If I can bring any Japanese merchandise in cheaper than I can make it I will have to be serious.

Q. Had you canvassed the situation in April to determine whether you wanted to go on with the deal or not? A. No.

Q. So that you as a business man had not given the situation any consideration as to whether you wanted to go on with the deal or not? A. Time is a big factor in all these things.

Q. That is a platitude, I am asking you a

A. Yes.

Q. Now, I suggest to you that you went down there just to tell Mr. Hunt - I don't think you went to do business with me while this royal Commission is sitting? A. Why should I suggest that?

Q. Why did you go to see Mr. Hunt?

A. Because the go-between paved me to, to buy and fix up a deal, been me he wants to get a commission.

Q. Did you suggest to you fix a commission?

A. No. Surely the man does not want for nothing?

Q. Never as a man you have known for a long time.

A. Twice some t m.

Q. A close friend of yours? A. No. Just a business acquaintance.

Q. At any rate, were you personally interested in going on with the deal when you were in New York in April? A. If I can bring any Japanese merchandise in cheaper than I can make it I will have to be serious.

Q. Had you canvassed the situation in April to determine whether you wanted to go on with the deal or not? A. No.

Q. So that you as a business man had not given the situation any consideration as to whether you wanted to go on with the deal or not? A. Time is a big factor in all these things.

Q. That is a platitude, I am asking you a

question: My question was - you as a business man had not given the matter any consideration as to whether you wanted to go on with the deal or not in April? A. I would like to answer your question. I have been dealing with the Japanese system and I know some bit of the way in which their minds work.

Q. Can you answr my question? I said - you as a business man had not given the matter any consideration up until April as to whether you wanted to go on with thedea or not. Now, had you or had you not? A. It all depends what you mean by consideration.

Q. I am going to ask you. I thought it was a plain question and you know what consideration means? A. I have thought about it many times.

Q. Yes, but have you given it deliberate consideration about working out whether you would carry on business, how you would carry on business, whether you would have travellers or whether have a warehouse or what you would do - had you done anything of that? A. We already have warehouse and travellrs.

Q. Had you considered that whole situation whether you would use your travellers or your warehouse? A. Yes.

Q. You had given it consideration then up till April? A. Yes.

Q. And having given it consideration what

Question: My question was - You as a business man had not given the matter any consideration as to whether you wanted to go on with the deal or not in principle?

A. I would like to answer your question. I have been dealing with the Japanese system and I know some bit of the way in which their minds work.

Q. Can you answer my question? I said - You as a business man had not given the matter any consideration up until April as to whether you wanted to go on with Dadee or not. Now, had you or had you not?

A. It all depends what you mean by consideration.

Q. I am going to ask you. I thought it was a plain question and you know what consideration means.

A. I have thought about it many times.

Q. Yes, but have you given it deliberate consideration about working out whether you would carry on business, how you would carry on business, whether you would have travellers or whether have a warehouse or what you would do - had you done a writing of that?

A. We already have warehouse and travellers.

Q. Had you considered that whole situation whether you would use your travellers or your warehouse?

A. Yes.

Q. You had given it consideration then up till April?

A. Yes.

Q. And having given it consideration what

conclusion you had come to? A. I still had it open in my mind as far as that was concerned.

Q. Had you come to any conclusion in April as to whether you would go on with the importing of Japanese goods? A. No, I have not come to any definite conclusion yet.

Q. Have you given it any consideration whether you should go on with it and do business any more? A. I hope to from time to time.

Q. You hope to import Japanese goods? A. No, I hope to give it consideration.

Q. Have you come to any conclusion as to whether you can go on and import Japanese goods commercially? A. I think I said that I had not given it any definite - no definite decision has been arrived at.

Q. Have you given it consideration? A. Yes, all the time and will give it consideration.

Q. From the consideration you have given it have you been able to form any judgment? A. No.

Q. So that we have this situation - that you as the chairman of the Tariff Committee of the Silk Association have been considering the question of importing Japanese goods, you have been looking at samples in New York, you have been going over the

conclusion you had come to? A. I still had it open in my mind as far as that was concerned.

Q. Had you come to any conclusion in April as to whether you would go on with the importing of Japanese goods? A. No, I have not come to any definite conclusion yet.

Q. Have you given it any consideration whether you should go on with it and do business any more? A. I hope to from time to time.

Q. You hope to import Japanese goods?

A. Yes, I hope to give it some consideration.

Q. Have you come to that conclusion as to whether you can go on and import Japanese goods commercially? A. I think I said that I had not given it any definite - no definite decision has been arrived at.

Q. Have you given it consideration? A. Yes, all the time and will give it consideration.

Q. From the consideration you have given it have you seen cause to form any judgment.

A. No.

Q. So that we have this situation - that you as the chairman of the Tariff Committee of the Silk Association have been considering the question of importing Japanese goods. You have been looking at samples in New York, you have been looking over the

matter and you cannot make up your mind now whether you could import Japanese goods under the prevailing tariff in commercial quantities that would be profitable to you? A. That is right.

MR. KELLOCK: Q. Just one question. Are you able to come to any conclusion until you get the information you asked for? A. No.

THE COMMISSIONER: What information?

MR. KELLOCK: I asked the witness, my Lord, if he was able to come to any conclusion.

THE COMMISSIONER: I say, what information?

MR. KELLOCK: As to price. He never got his prices quoted to him.

MR. McRUER: Q. Have you tried to get prices quoted to you? A. Not since that last conversation.

Q. Did you ever write a letter asking prices to be quoted to you? A. I don't think so.

Q. Have you ever tried any other place than this man, Mitsubishi? A. No.

Q. Did you ever try Mitsui? A. Yes sir. It is Mitsui's policy all over the world to sell their own. There was some talk of them establishing a warehouse in Montreal quite recently to sell their own goods. I believe they have even disposed of their agents since the first of the year here.

Q. Well, do you know whether they have an

matter and you cannot make up your mind how whether you could insert figures into such the prevailing tari f in commercial quantities that would be profitable to you? A. That is right.

5 Mr. McCarthy: Q. Just one question. Are you able to come to any conclusion until you get the information you asked for? A. No.

The Commissioner: What information?

Mr. McCarthy: I asked the witness, by Lord, if he was able to come to any conclusion.

10 The Commissioner: I say, what information?

Mr. McCarthy: As to price. He never got his prices quoted to him.

Mr. McCarthy: Q. Have you tried to get prices quoted to you? A. Not since that last conversation.

Q. Did you ever write a letter asking prices to be quoted to you? A. I don't think so.

15 Q. Have you ever tried any other place than this one, Mitsubishi? A. No.

Q. Did you ever try Mitsui? A. Yes sir. It is Mitsui's policy all over the world to sell their own. There was some talk of them establishing a warehouse in Montreal quite recently to sell their own goods. I believe they have even discussed at their meetings the Tariff of the same kind.

20 Q. Well, if you have another very same or

agent here now or not? A. Mitsui?

Q. Yes. A. No.

Q. You do not know? A. Yes.

Q. You seem so prone to make suggestions under oath. You say that they have disposed of their agent here. You cannot say whether have just changed their agent or have an agent here all the time? A. They disposed of one agent I believe.

Q. And got another? A. Possibly.

Q. But I still cannot get to the bottom of whether you are serious in your consideration of going into the importation of Japanese goods or whether it is just some camoflauge that is thrown out for this Commission? A. I examined into the matter of bringing things in, we did not go on with.

Q. That may be and if you have examined into this why you have not gone on with it? A. We have come to no definite conclusion.

Q. You have had five months to consider it and you have been buying more rayon yarn than you ever did before? A. We have considered establishing a plant in Australia for ten years. We have no definite conclusion even today.

Q. But you have not got a quotation on a single yard of cloth yet? A. No sir.

Lynch here now or not? A. Midway.

Q. Yes. A. No.

. You don't know? A. Yes.

. You ever go down to make statements under oath. You say that they have disguised or their real name. Yes, [illegible] have just changed their agent or have an agent here all the time? A. They disposed of one agent i [illegible].

A. And got another. A. Possibly.

Q. But I still haven't got to the bottom of whether you are serious in your consideration of [illegible] whether it is just some gamblings that is thrown out for this Commission? A. I examined into the matter of bringing things in, we did not go on with.

A. That may be and if you have examined into this why you have not gone on with it. A. We have come to no definite conclusion.

Q. You have had five months to consider it and you have been buying more rubber than you ever did before? A. We have been interested [illegible] in the ten years. We have no definite conclusion even today.

. But you have not got a quotation on a single yard of cloth yet? A. No sir.

Q. Nor you have not have not tried very hard to get it? A. That is a matter of opinion.

Q. Have you? A. Well,--

Q. Will you swear you tried to get it?

5 A. That is a matter of opinion.

Q. Will you swear that you tried to get quotation on any cloth at all? A. Well, try is a matter of degree.

Q. Oh yes, try is a matter of degree. What

10 have you done to get quotations? A. I showed him samples I would be interested in out of their range of samples.

Q. And did you get samples of them? A. I

15 wrote for one particular sample.

Q. Well, we will have that letter? A. I wrote for one particular sample of artifical satin and they wrote back and said it had now been misplaced.

20 Q. What did they mean by that, mislaid it? A. Yes, I suppose so.

Q. You will have a letter about that? A. I believe so.

25 Q. I would like you to get that for me?

MR. KELLOCK: I said we would get everything you wanted.

MR. McRUER: Q. That is the only effort you made to get quotations of price? A. Yes.

30 THE COMMISSIONER: Q. Will you tell me why you

Q. Have you have not tried very hard to get it? A. That is a matter of opinion.

Q. Very good A. Well,—

Q. Will you swear you tried to get it?

A. That is a matter of opinion.

Q. Will you swear that you tried to get quotation on any cloth at all? A. Well, try is a matter of degree.

Q. Oh yes, try is a matter of degree. What have you done to get quotations? A. I showed him samples I would be interested in out of their range of samples.

Q. And did you get samples of them? A. I wrote for one particular sample.

Q. Well, we will have that letter? A. I wrote for one particular sample of artificial silk and they wrote back and said it had now been misplaced.

Q. What did they mean by that, mislaid it?

A. Yes, I suppose so.

Q. You will have a letter about that? A. I believe so.

Q. I would like you to get that for me?

MR. TILLOCK: I said we would get everything you asked.

MR. MORLEY: Q. That is the only effort you made to get quotations of prices? A. Yes.

THE COMMISSIONER: Q. Will you tell me why you

went to New York on this April trip? A. When I get back from England there had been various telephone calls from Mr. Reece wanting to know when I would be next in New York when he could see me. You can readily understand his desire to get on with the job.

Q. What I don't understand is why you went there? A. I don't even know yet there will be anything done.

MR. McRUER: Q. You went all the way down to New York? A. Not on that business alone.

Q. His Lordshio asked you why you went to New York? A. Well, I go to New York quite regularly on business and this was incidental to the New York trip.

THE COMMISSIONER: I asked you what your business was there and I said: why did you go to New York and you said you went because Mr. Reece asked you to go. A. I did not understand the full extent of the question. I go to New York regularly to try and get style samples and trend of prices, etc.

MR. McRUER: Q. You say you had several telephone calls from Mr. Reece? A. Yes.

Q. And his Lordship said - why did you want to go to New York and you said because you had several telephone calls from Mr. Reece? A. I did not understand the full extent of the question.

I got back from Michigan there had been various telephone calls from Mr. Reese wanting to know when I would be next in New York when he could see me. You can readily understand his desire to get on with the job.

Q. What I don't understand is why you went there? A. I don't even know yet there will be anything done.

MR. MORDEN: Q. You went all the way down to New York? A. Not on that business alone.

Q. His Lordship asked you why you went to New York? A. Well, I go to New York quite regularly on business and this was incidental to the New York trip.

THE COMMISSIONER: I asked you what your business was there and I said: Why did you go to New York and you said you went because Mr. Reese asked you to go. A. I did not understand the full extent of the question. I go to New York regularly to try and get style samples and trend of prices, etc.

MR. MORDEN: Q. You say you had several telephone calls from Mr. Reese? A. Two.

Q. And his Lordship said - why did you want to go to New York and you said because you had several telephone calls from Mr. Reese? A. I did not understand the full extent of the question.

Q. And then you going down there in answer to several telephone calls or finally in answer to several telephone calls you go over and see this man and you say - I don't think you want to do any business with me.

MR. McRUER: This would be a good time for a recess.

THE COMMISSIONER: We will adjourn for a recess.

--On resuming:

MR. McRUER: Q. Mr. Watson, do you recognize Mr. Douglas Hallam's signature on this? A. Yes.

Q. This is a letter dated February 6th, 1936, to Mr. McKinnon, Commissioner of Tariffs, and it reads as follows:

"Mr. P. R. Watson, of Grout's Limited, was in to see me today and is very troubled about the rayon fabric situation. He is sailing for England on the 12th and before sailing must give instructions regarding the operating schedules of his mills.

He finds that owing to the undertainty created in the minds of the buyers that they are only placing orders for what they can re-sell immediately. The buyers are apparently reasoning that as they do not know the prices at which Japanese goods are going to come in,

Q. And then you going down there in answer to several telephone calls or finally in answer to several telephone calls you go over and see this man and you say - I don't think you want to do any business with me.

MR. MCGUIRE: This would be a good time for a recess.

THE COMMISSIONER: We will adjourn for a recess.

--On resuming:

MR. MCGUIRE: Q. Mr. Watson, do you recognize Mr. Douglas Hallam's signature on this? A. Yes.

Q. This is a letter dated February 6th, 1936, to Mr. McFinnon, Commissioner of Tariffs, and it reads as follows:

"Mr. F. S. Brown, of Bennett's Limited,

was in to see me today and is very troubled about the rayon fabric situation. He is selling for England on the 12th and before selling must give instructions regarding the operating machinery in his mills.

He fears that owing to the uncertainty created in the minds of the buyers that they are only placing orders for what they can re-sell immediately. The buyers are apparently reasoning that as they do not know the prices at which Japanese goods are going to come in,

or the volume, that they do not dare to place firm orders, carry a stock of fabrics, or carry made up garments, except the absolute minimum. As the two mills of this Company, one in Ontario and one in Quebec, have about seventy-five percent of their production at present on rayon fabrics, they find themselves with the largest stock in their history, consisting of at least eight weeks normal production, and their orders on hand do not justify continued production at their present rate of working.

Mr. Watson's opinion is that under the existing circumstances he is not justified in operating more than three or four days a week, or enoughto cover his actual deliveries and sales, so that his present stock will not increase. He feels that the present position will be made more difficult if he suffers any loss of market through importations. He also feels that this unfortunate condition will exist until something definite is done.

He wants my advice. I don't know what to advise him to do. In your opinion should this situation be taken up at Ottawa?"

And Mr. Hallam has purported to express to Mr. McKinnon his view of certain conversation that took place between you and Mr. Hallam. What do you

or the volume, that they do not dare to place
film orders, carry a stock of films, or
carry made up programme, except the absolute
minimum. As the two mills of this "company",
one in Ontario and one in Quebec, have about
twenty-thr[illegible] [illegible]
[illegible] by [illegible], [illegible]
with the longest stoppage in their history,
consisting of at least eight weeks normal
production, and their orders on hand do not
justify continued production at their present
rate of working.

Mr. Watson's opinion is that under the
existing circumstances he is not justified in
operating more than three or four days a week,
or enough to cover his actual deliveries and
sales, so that his present stock will not
increase. He feels that the present position
will be made more difficult if he suffers any
loss of market through [illegible]. He also
feels that this unfortunate condition will
exist until something definite is done.

He wants my advice. I don't know what to
advise him to do. In your opinion when a this
situation is going to be [illegible]
and Mr. [illegible] the [illegible] to [illegible]
[illegible] his view of [illegible] [illegible]
[illegible] [illegible] [illegible] [illegible]

say as to whether he states it correctly what you said to him? A. Yes.

Q. You apparently then were sailing for England on the 12th of February according to this? A. Yes.

Q. You did not say anything about your having any negotiations about going into the importing business at this time? A. No.

EXHIBIT No.456: Letter dated February 6th, 1936, from Douglas Hallam to Mr. H. B. McKinnon.

WILLIAM A. MATTINSON, Sworn

EXAMINED BY MR. McRUER:

Q. Where are you employed? A. Greenshields Hodgson - Racine Ltd., Montreal.

Q. What is the business carried on by Greenshields, Hodgson & Racine? A. Dry goods wholesale.

Q. It is a large firm in Montreal? A. Yes sir.

Q. How does it compare in size with the other dry goods wholesale firms - would it be correct to say it is one of the largest in Montreal? A. We would consider it so.

Q. And what is your particular business with them? A. I am buyer of certain piece goods.

may as to whether he states it correctly what you said to him? A. Yes.

Q. You apparently then were selling for England on the 12th of February according to this? A. Yes.

Q. You did not say anything about your having any negotiations about going into the importing business at this time? A. No.

Counsel for Plaintiff: Letter dated February 6th, 1926, from Douglas Mathieson to Mr. H. E. Mathieson.

[illegible]

Cross-Examined by Mr. [illegible]:

Q. Where are you employed? A. Greenshields Mathieson - Dominion Bank, Montreal.

Q. What is the business carried on by Greenshields, Mathieson & Mathieson? A. They handle wholesale.

Q. [illegible] A. [illegible]

Q. How does it compare in size with the other dry goods wholesale firms - would it be correct to say it is one of the largest in Montreal? A. We would consider it so.

Q. Are what is your principal business with them? A. I am buyer of our twin piece goods.

Q. Are you a buyer of rayon piece goods?
A. Yes sir.

Q. That comes within your particular department?
A. Yes, a certain amount of it.

Q. And have you had knowledge of the purchases they have been making of rayon piece goods in the year 1936? A. Yes sir.

Q. What purchases has your firm been making of Japanese rayon piece goods? A. Well, we brought in a matter of about 5000 yards of the plain in the 27" cloth that has been discussed as an experiment and we brought in possibly a couple of thousand yards of the jacquards, just in the white. Since that time we have ordered some more; they are coming along.

Q. How much have you ordered? A. I would say a matter of another couple of thousand pieces of the plain.

Q. Pieces or yards? A. Pieces of thirty yards.

Q. You said 5000 yards in the first case?
A. Yes.

Q. And 2000 yards or pieces of the jacquard?
A. No, yards in both cases.

Q. And now you have ordered about 2000 pieces?
A. Yes sir.

Q. Of the plain, is that it? A. Yes, only plain; we are not bringing any more of the

Q. Are you a buyer of rayon piece goods?

A. Yes sir.

Q. That comes within your particular department?

A. Yes, a certain amount of it.

Q. And have you had knowledge of the purchases they have been making of rayon piece goods in the year 1936? A. Yes sir.

Q. What purchases has your firm been making of January [illegible]?

A. Well, we brought in a matter of about 5000 yards of the plain in the 27" cloth that has been discussed as an experiment and we brought in possibly a couple of thousand yards of the jacquards, just in the white. Since that time we have ordered some more; they are coming along.

Q. How much have you and each? A. I would say a matter of another couple of thousand pieces of the plain.

Q. [illegible] A. [illegible] of twenty yards.

Q. You said 5000 yards in the first case?

A. Yes.

Q. And 2000 yards or pieces of the jacquards?

A. No, yards in both cases.

Q. And now you have ordered about 4000 pieces?

A. Yes sir.

Q. Of the plain, is that it? A. Yes, only plain; we are not bringing any more of the

jacquards in.

Q. Why not? A. Our sale of the plain is far greater.

Q. The jacquards you have dropped? A. Yes sir.

Q. And the 2000 pieces of the plain, how much would that come to? A. Well, we have split the order I might say. One shipment will be in probably within the next couple of days and another one is for the first of August.

Q. And the one that in coming in within the next couple of days, will be how much? A. A matter of about 3000 dollars.

Q. Where do you sell this? A. Well, we put it out with our different travellers, sell it anywhere from Cape Breton to Vancouver.

Q. Is that this stuff that we have here, samples of it, Exhibit 128? A. Yes, this is practically it.

Q. Now, did you handle a fabric similar to this that was made in Canada? A. We do handle it.

Q. You handle it? A. Yes sir.

Q. Where do you get it? A. One made at St. Croix by Canadian Cottons at St. Johns.

Q. And what is the price of theirs? A. Well I think our last basis was about 18¢ plus the tax.

THE COMMISSIONER: Q. Whis is this? A. That

Q. And the 3000 pieces of the girls, how much would that come to? A. Well, we have split the order I might say. One shipment will be in probably within the next couple of days and another one is for the first of August.

Q. And the one that is coming in within the next couple of days, will be how much? A. A matter of about 3000 dollars.

Q. Where do you sell this? A. Well, we put it out with our different travellers, sell it anywhere from Cape Breton to Vancouver.

Q. Is that this stuff that we have here, Exhibit 17, Exhibit 18? A. Yes. This is

Q. Now, did you handle a Tonic similar to this that was made in Canada? A. We do handle it.

Q. You handle it? A. Yes sir.

Q. Where do you get it? A. Our main at 85. Stock by usually customers at 1. Cases.

Q. And what is the price of this? A. Well I think our last basis was about 18¢ plus the tax.

Q. Which is what? A. That

is the Canadian one. It is a much better cloth than this.

Q. It is a much better cloth? A. Yes.

MR. McRUER: Q. To what extent? I would like to have your views as a cloth man? A. Well, in the first place there is none of what is known as Shriners in it or strings as there is in this Japanese cloth. I don't think I ever seen a perfect piece of that one.

Q. Their price is 18¢? A. Yes sir.

Q. Is that the price for you or you sold it at? A. That is our basis, purchase price. You wanted the cost, did you?

Q. Yes. What is the price of this? A. Probably - of course our new example will be changed in the next shipment coming in in a few days but the last one we brought in of the plain was in the vicinity of 11¢.

Q. Would you say that there was 7¢ difference in the value of the goods? A. I would say yes.

Q. Of course, in cheaper goods sometimes the price is the whole thing with certain customers? A. That is the whole story of that cloth.

Q. But as far as value goes the other would probably be better value for your cloth? A. It is perfect cloth and this is not.

Q. Which would you say would be the best value

in the Canadian one. It is a much better cloth

Q. It is a much better cloth? A. Yes.

Mr. Mulock: Q. To what extent I would like to have your views as a cloth man? A. Well, in the first place there is none of what is known as Shrinera in it or stripes as there is in this Japanese cloth. I don't think I ever seen a perfect piece of that one.

Q. Their price is 15¢? A. Yes sir.

Q. Is that the price for you or you said it are? A. That is our basis, purchase price.

Q. Yes. What is the price of this?

A. Probably - of course our new example will be changed in the next shipment coming in in a few days but the last one we bought in of the plain was in the vicinity of 11¢.

Q. Would you say that there was 7¢ difference in the value of the goods? A. I would say yes.

Q. Of course, in cheaper goods sometimes the price is the whole thing with certain customers?

A. That is the whole story of that cloth.

Q. But as you say [illegible] would probably be better value for your cloth.

A. It is perfect cloth and this is not.

Q. Which would you say would be the best value

for your money? A. The better one I would say.

Q. And that is the extent of Japanese piece goods? A. We have shipment coming in of Japanese satin. It is only a matter of a couple of hundred pieces. I don't know what it is coming in at, I could not tell you much about it.

Q. A trial shipment? A. Yes sir, a trial shipment.

Q. Have the Japanese quit trying to get you to deal? A. We have had a lot of them, we have had seven or eight. Quite a few out from Japan too.

Q. Right from Japan too? A. Yes.

Q. With their samples? A. Yes, quite a few of them. Of course, most of the agents here show their samples too.

Q. The agents here are showing Japanese samples? A. Yes.

Q. Why is it you have not gone more extensively into the Japanese business? A. Well, as far as the other cloths are concerned we did not have very much interest in them.

Q. I was just wondering why. These seem to me very cheap? A. As a matter of fact these sample orders coming in we would like to see how clear they run, whether perfect goods,

f. x your money? A. The better one I would say.

Q. Did that in the extent of Japanese piece goods?

A. We have enjoyment coming in of Japanese satin. It is only a matter of a month or thereabouts. I don't know what it is coming in at, I could not tell you much about it.

Q. Do you think

a trial shipment.

Q. Have the Japanese gut trying to get you to deal?

A. We have had a lot of them, we have had seven or eight. Quite a few out from Japan too.

Q. Also from Hong Kong?

Q. Is their samples? A. Yes, quite a few of them. Of course, most of the agents have show their samples too.

Q. The agents have are showing Japanese samples.

A. Yes.

Q. Why is it you have not gone more extensively into the Japanese goods? A. Well, so far as the other clothes are concerned we did not have very much interest in them.

Q. I was just wondering why. Those seem to me very cheap? A. As a matter of fact these sample orders coming in we would like to see how clear they run, whether perfect goods.

because this low cloth it does not matter very much, some of the sources we sell it.

Q. Have you figured on the other ones, their cost and what it would cost you laid down here and all that - have you gone into that with them? A. Well, we have gone into the satin, basis of satin. I think probably I might have it close to it. This would be approximate, of course. (Witness looks at his book).

Q. Is this a cheap satin too? A. Yes, very cheap. It is all rayon. I imagine it would land here about 13¢, 36".

Q. And is there any other piece goods that you handle that is similar to this Japanese satin? A. We handle one made by the Canadian Cotton Co., much better cloth, very clean cloth. Higher price, of course.

Q. You might give me the particulars of the Canadian Cottons or can you give that to me? A. I think it is about 31½¢. That is approximate in every case. I don't think I have it. Plus tax, of course. Yes, that is about the basis.

Q. Well, would this meet the same market? A. Oh, no.

Q. That is what I wanted to get at. The person that wanted the better cloth would not be satisfied with the Japanese article? A. I would not think so, not on the samples I saw by any means.

because this low cloth it does not matter very much, some of the sources we sell it.

Q. Have you figured on the other ones, their cost and what it would cost you laid down here and all that - have you gone into that with them?

A. Well, we have gone into the matter, basis of satin. I think probably I might have it close to it. This would be approximate, of courses.

(Witness looks at my book).

Q. Is this a cheap satin boy? A. Yes, very cheap. It is all rayon. I imagine it would land here about 18¢, 36".

Q. And is there any other piece goods that you handle that is similar to this Japanese satin?

A. We handle one made by the Canadian Cotton Co., much better cloth, very clean cloth. Higher price, of course.

Q. You might give me the particulars of the Canadian Cottons or can you give that to me?

A. I think it is about 31¢. That is approximate in every case. I don't think I have it. Fine cut, of course. Yes, that is closer to satin.

Q. Well, would this cost the same?

A. Oh, no.

Q. That is what I wanted to get at. The person that wanted the better cloth would not be satisfied with the Japanese satin? A. I would not think so, not on the samples I saw by the satin.

Q. I would like to know just why you have not, with these Japanese agents all after you and there seems to have been no lack of opportunity to buy Japanese goods, I wonder why you have not gone more extensively into them? A. Well, we have not been interested in the line outside of those cheap cloths. We buy an awful lot of Canadian stuff from the different departments and we were very well serviced with them, we can get them when we want them. When short of colours always able to fill them quickly.

Q. What advantage is that to you in yourbusiness? A. great advantage.

Q. I would like to know a little more about that. What margin of advantage has the local producer got in regard to the servicing that you mention? A. Well, as an example if we have samples on the road and possibly a man would buy five pieces of a colour and we may be short of a certain shade it is not very often that the mill cannot help us out with extra ten pieces that comes in very quickly, helping us to complete a man's order if placed in the west or somewhere in the smaller centers.where we do not make shipments every day.

Q. Is fashion a bit fickle on the question of colours? A. Not on plain goods.

Q. But on prints? A. Yes. Of course,

Q. I would like to know just why you have not, with these Japanese agents all after you and there seems to have been no lack of opportunity to buy Japanese goods, I wonder why you have not gone more extensively into theay? A. Well, we have not been interested in the line outside of those cheap clothes. We buy an awful lot of Canadian stuff from the different departments and we were very well serviced with them, we can get them when we want them. When short of colours always able to fill them quickly.

Q. What advantage is that to you in your business? A. Great advantage.

Q. I would like to know a little more about that. What margin of advantage has the local producer got in regard to the servicing that you mention? A. Well, as an example if we have samples on the road and possibly a man would buy five pieces of a colour and we may be short of a certain shade it is not very often that the mill cannot help us out with extra ten pieces that comes in very quickly, helping us to complete a man's order if placed in the west or somewhere in the smaller centres.where we do not make enjoyments every day.

Q. Is fashion a bit fickle on the question of colours? A. Not as fickle as women.

Q. But on prints? A. Yes. Of course,

prints change every year on novelty cloths. That is another reason we would not be bothered with Japanese stuff.

Q. Why is that? A. It takes either a long time to get it in - at least, we find that.

Q. And what effect does that have on the merchandising of it? A. Well, probably your season is over before it comes along as far as we are concerned.

Q. The styles may change in the interval and I suppose you don't know whether a style is going to go, if you order from Japan, you cannot--

A. You see, our season of novelty stuff would not run more than two or three months.

Q. Do you buy novelty prints in Canada?

A. Yes, we do.

Q. What will your business be in rayons annually? A. Do you speak of that one cloth?

Q. No, I mean in rayons altogether, your whole trade - rayon piece goods - I do not mean ribbons?

A. I could not give you definite, it will run into quite a big figure.

Q. Have you any idea approximately - I was wondering whether $100,000? A. Well, I would say $50,000 to be moderate on it.

THE COMMISSIONER: Q. In a year? A. Yes. Probably be more taking it all through, on general rayons all through.

prices change were done on monthly basis. That is another reason we would not be bothered with Japanese stuff.

Q. Why is that?

A. It takes either a long time to get it in - at least, we find that.

Q. And what effect does that have on the [illegible]?

A. Well, probably [illegible] - but anyway.

Q. The style may change in the interval and [illegible] don't know whether a style is going to [illegible].

Q. If you order from Japan, you cannot--

A. Yes, but there is no way out of that. [illegible] more than two years [illegible].

Q. Do you buy novelty prints in Canada?

A. Yes, we do.

Q. What will your business be in Japan [illegible]?

A. Do you speak of that one [illegible]?

A. No, I mean in Japan altogether, your whole trade - Japan piece goods - I do not mean ribbons? [illegible] I [illegible] very [illegible]. It will [illegible] quite a big figure.

Q. Have you a fair [illegible] - I see [illegible] wondering whether $100,000?

A. Well, I would buy $50,000 to be sufficient on it.

THE COMMISSIONER: Q. In a year?

A. Yes. Probably be more than it will through, on general [illegible] Japans all through.

MR. McRUER: Q. $50,000 does not seem to me to be very big? A. No, does not seem big, but it is a lot of yardage.

Q. Do you import any from Great Britain or the United States? A. Yes. Well, we have not been able to import much of British stuff until such time as change of tariff. As the poundage has gone off we are looking for greater business in that stuff.

Q. What type of goods will you import from Great Britain? A. Well, it will be on the order of combinations of rayons and cottons, rayon satin yarns. That would include crepe cloths and flat weaves, both in the plain and in the fancies.

BY MR. BULLOCK:

Q. In the jacquard cloth which you brought in was that satisfactory? A. Well, it was only used for one purpose that we brought inthis lot in assorted whites and we sold it to undertakers for lining cheap cottons.

Q. What was the cost of that? A. Well, about the same price as the plain.

Q. 11¢? A. About that basis.

Q. That was the landed price? A. Yes.

Q. And you say you sold that to undertakers? A. Well, that is where it went to, yes, and some of the smaller places.

(Page 6998 follows)

Mr. KAUFMAN: Q. $30,000 does not seem to be to be very big? A. No, does not seem big, but it is a lot of yardage.

Q. To you import any less than British or the United States? A. Yes. Well, we have not been able to import much of British stuff until such time as change of tariff. As the yardage has gone off we are looking for greater business in that stuff.

Q. What type of goods will you import from Great Britain? A. Well, it will be on the order of combinations of rayons and cottons, rayon satin yarn. That would include crepe cloths and flat weaves, both in the plain and in the fancies.

BY Mr. [illegible]:

Q. In the proposal at the time you are put in was that satisfactory? A. Well, it was only used for our purpose that we bought initial lot in assorted colors and we sold it to make dresses for lining sleep sections.

Q. What was the cost of that? A. Well, about the same price as the plain.

Q. 11½? A. About that basis.

Q. What was the landed price? A. Yes.

Q. Did you say you sold that to manufacturers? A. Well, that is going it most to, yes, and some of the smaller dealers.

Q. What did you use for that trade before you were able to get that shipment? A. We were using -- there had been different cloths used.

Q. Canadian cloths? A. Yes.

Q. Sold at higher prices? A. Yes.

Q. What are you using now? A. We have not had very much of that business of late. In fact, it is pretty hard to tell.

Q. To the extent that you did use the jacquard that displaced your previous Canadian purchases?

MR. McNUER: He didn't say that was a jacquard that they used. Was it? A. Yes, for the undertakers. It was only in white we brought it. We brought it only in white, we did not bring it in in colours at all.

Q. Did you buy the jacquard locally? A. We have bought jacquards locally, but not this last year, I don't think.

BY MR. MILLOCK: Q. What you said, Mr. Mattinson, was that before you bought 2,000 yards of jacquard you supplied that demand through Canadian sources? A. Yes, that is quite right, sir.

MR. McNUER: He didn't say it was a jacquard. He said he supplied a cloth for coffin linings.

THE WITNESS: It was a jacquard lining, anyway, because they want a pattern on it.

BY MR. MILLOCK: Q. So it was a jacquard; but the point is it did displace purchases that you previously made locally? A. I would say so, yes.

Q. And I judge that the plain material that you

Q. What did you use for that trade before you were able to get that shipment? A. We were using -- there had been different cloths used.

Q. Something similar? A. Yes.

Q. Sold at higher prices? A. Yes.

Q. What are you using now? A. We have not had very much of that business of late. In fact, it is pretty hard to tell.

Q. To the extent that you did use the jacquard that displaced your previous Canadian purchases?

MR. MORROW: He didn't say that was a jacquard they used. Was it? A. Yes, for the material. It was only in white we brought it. We brought it only in white, so did not bring it in in colours at all.

Q. Did you buy the jacquard locally? A. We have bought jacquards locally, but not this last year I don't think.

BY MR. KELLOCK: Q. What you said, Mr. Mattimoe, was that before you bought 2,000 yards of jacquard you supplied that demand through Canadian sources? A. Yes, that is quite right, sir.

MR. MORROW: He didn't say it was a jacquard. He said he supplied a cloth for certain linings.

MR. KELLOCK: It was a jacquard lining, surely? Was they were a pattern on it.

BY MR. KELLOCK: Q. So it was a jacquard; but the point is it did displace purchases that you ordinarily made locally? A. I would say so, yes.

Q. And I judge that the cloth material that you

bought, the 5,000 yards, italso was satisfactory?

A. Very streaky.

Q. What do you sell it for? A. Oh, around --

Q. I am not asking the price, but the purpose?

A. Well, it is used for cheap curtains and cusions and a certain amount of spreads, bed spreads, and children's cheap dresses, and cheap linings.

Q. You sold your 5,000 yards? A. Yes.

Q. You have ordered 60,000 more? A. We have ordered practically 60,000 more.

Q. So that it does fill that fully? A. It fills the low price cloth.

Q. Before you were able to get that what did you use for these purposes, Canadian cloths?

A. Yes, we were using Canadian cloths, some of them with a combination of cotton and rayon in them. They came in about the lowest basis we could get.

Q. Then you say that you do buy from the Canadian Cottons a similar plain material and their price is 18 cents; is that right? A. Yes, sir.

MR. McRUER: He didn't say it was similar.

THE WITNESS: It is a better cloth.

BY MR. KILLOCK: Q. It is similar but it is better? A. It has got much the same construction.

Q. It is the same construction but simply a better cloth? A. Yes, much better.

Q. Where you can meet the demand with the cheaper material you do so. Have you got a better profit on

bought, the 5,000 yards, Italian was satisfactory?

A. Very nicely.

Q. Would you call it fine? A. Well, it was

Q. I am not asking the price, but the purpose?

A. Well, it is used for cheap curtains and cushions and a certain amount of sprees, bed spreads, and children's dress goods and some linings.

Q. You sold your 5,000 yards? A. Yes.

Q. You have ordered 50,000 more? A. We have ordered practically 50,000 more.

Q. So that it does fill that fully? A. It fills the low price cloth.

Q. Before you were able to get this work did you use for these purposes, Canadian cloth?

A. Yes, we were using Canadian cloth, some of them with a combination of cotton and rayon in them. They come in about the lowest basis we could get.

Q. Then you say that you do buy from the Dominion Cotton a similar plain material and their price is in comparison with theirs? A. Yes, sir.

MR. HOUGH: He didn't say it was similar.

THE WITNESS: It is a better cloth.

BY MR. KOLDOFF: Q. It is similar but it is better? A. It has got more [illegible] in it.

Q. It is the same construction but simply a better cloth? A. Yes, same [illegible].

Q. Where you can meet the demand with the cheaper material you do so. Have you got a better profit on

the Japanese stuff than you did on the Canadian Cottons stuff? A. No, I don't think we have taken very much more on it, taking it right through.

Q. Do you sell more of the Japanese stuff because it is cheaper? A. Yes, it has come as a low cloth, as a price cloth. Q. In other words, you can sell more of it? A. Yes, on account of the price only, not the value of the goods at all.

Q. I am not speaking of that; it is more profitable for you to handle it than to buy the higher price Canadian product for these purposes; is that right? A. For these purposes, yes.

Q. And these figures of 11 cents and 13 cents, Mr. Mattinson, those were laid down prices here? A. Those are approximate laid down prices here.

Q. Then, you spoke about having been canvassed by a number of people to buy Japanese goods, local agents and Japanese exporters' representatives direct from Japan? A. Yes, sir.

Q. When did that take place? A. That would be since the change of tariff.

Q. How long ago? When did you give your last order for this stuff, this 60,000 yard order? A. Possibly about March; that would give it approximately.

Q. Have you placed any orders since that? A. Yes, the August lot.

Q. Pardon? A. The lot coming for August that I spoke of.

the Japanese stuff has got you off on the Canadian cottons stuff? A. No, I don't think we have taken very much more on it, taking it right through.

Q. Do you sell more of the Japanese stuff because it is cheaper? A. Yes, it has come as a lot cloth, as a price cloth. In other words, you can sell more of it? A. Yes, on account of the price only, not the value of the goods at all.

Q. I am not speaking of that; it is more profitable for you to handle it than to buy the higher priced Canadian product for these purposes; is that right? A. For these purposes, yes.

Q. And these figures of 11 cents and 13 cents, Mr. Mattinson, those were laid down prices here? A. [illegible] laid down prices here.

Q. Then, you spoke about having been approached by a number of people to buy Japanese goods, local agents and [illegible] representative firms from Japan? A. Yes, sir.

Q. When did that take place? A. That would be since the change of tariff.

Q. How long ago? When did you give your last order for that stuff, Mr. [illegible]? A. Somethig about March; that would give it approximately.

Q. Have you placed any orders since that? A. Yes, the August lot.

Q. [illegible] A. We did [illegible] for [illegible] it [illegible].

Q. When was that order made? A. Possibly the middle of May.

Q. Then, the order that is coming in in a day or two and the August order, those are repeat orders, are they not? A. Yes.

Q. Placed through the same channel? A. No, not in all cases.

Q. Not in all cases; well, have you been shown any samples or asked to buy since the middle of May when you placed this last order? A. No.

Q. Alright; what other samples of types of materials have you been shown other than your actual purchases? A. Oh, there is an awful lot of them.

Q. You have been shown a lot of them; what kind of goods? A. There is a lot of lines that would not come under my management, but they are anything from printed silks down to cheap cottons, right through.

Q. You said that did not come under your management; what do you mean by that? A. I don't buy the silks, our silk department handles that.

Q. You mean when you would be shown silk samples you would not pay any attention? A. No.

Q. Now, is there anything else you were shown you would be interested in except what you have bought or besides what you have bought? A. We have been rather afraid of the quality of the cloth.

Q. Before I come to that point, I would like to know what other types of cloth and samples you have

Q. When was that order made? A. Probably the middle of May.

Q. Then, the order that is coming in in a day or two and the August order, these are repeat orders, are they not? A. Yes.

Q. Passed through the same channel? A. No, not in all cases.

Q. Not in all cases; well, have you been shown any samples or asked to buy since the middle of May, since you planned this last order? A. No.

Q. Alright; what other samples of types of materials have you been shown other than your actual purchases? A. Oh, there is an awful lot of them.

Q. You have been shown a lot of them; what kind of goods? A. There is a lot of linen that would not come under my management, but they are anything from printed silks down to cheap cotons, right through.

Q. You said that its not your concern, management; what do you mean by that? A. I don't buy the silks, our silk department handles that.

Q. You mean when you would be shown silk samples you would not buy any at least? A. No.

Q. Now, is there anything else you were shown you would be interested in except what you have bought or besides what you have bought? A. To have been rather afraid of the quality of the cloth.

Q. Before I come to that point, I would like to know what other types of cloth and samples you have

been shown that you personally would buy that you have not bought. Can you tell his lordship that, or have you been shown any other samples that you would be interested in as a buyer besides these jacquards and plains that you bought? A. Yes, there is another line that I bought. It is an old heavy satin in the large kimona patterns that we used to see many years ago.

Q. There is no large demand for that now? A. Well, I brought a few of them in and I have been selling them the last month or so.

Q. Then, you did give an order for that stuff? A. Yes.

Q. From a Japanese source? A. Yes.

Q. How do you describe that material? A. I would call that, you might term it a printed satin kimona cloth. It is a satin cloth. It might be printed on the cheap satin that I spoke of there in the first place. It might be printed on a cloth of that grade, and with a large scroll pattern.

Q. Floral pattern; how much of that have you bought? A. Very little, a matter of one hundred odd pieces, 12 yard pieces.

Q. Does that exhaust the list? A. Yes, sir.

Q. Then, you spoke of this cheap satin which you ordered; you have not got that yet? A. No, sir, I will have it in the next few days, I expect.

Q. What purpose is that used for? A. Well, it is pretty hard to tell. It will be a kind of utility

been shown that you personally would buy this if you have not bought. Can you tell his lordship that, or have you been shown any other samples that you would be interested in as a buyer besides these in courtesy and plaids that you bought? A. Yes, there is another line that I bought. It is an old heavy satin in the Lung Kimono pattern that we used to see really years ago.

Q. There is no large demand for that now?

A. Well, I wouldn't say that I have been selling them the last month or so.

Q. Then, you did give an order for that satin?

A. Yes.

Q. From a Japanese source? A. Yes.

Q. How do you describe that material? A. I would call that, you might term it a printed satin kimono cloth. It is a satin cloth. It might be printed on the cheap satin that I spoke of there in the first place. It might be printed on a cloth of that grade, and with a large scroll pattern.

Q. Floral pattern; how much of that have you bought? A. Very little, a matter of one hundred and fifty yard pieces.

Q. Does that exhaust the list? A. Yes, sir.

Q. Then, you spoke of this cheap satin which you ordered; you have not got that yet? A. No, sir. I will have it in the next few days, I expect.

Q. What purpose is that used for? A. Well, I is pretty hard to tell. It will be a kind of utility

cloth. It might be used for the lining of drapes or it might be used for the purpose of cheap comforters or it might be used for slips, or under dresses, a variety of purposes.

Q. Formerly, I suppose, when you could not get that you used a domestic cloth? A. Yes, and we still use better domestic cloths.

Q. At what price, what does it cost you, the domestic cloth? A. This cloth I spoke about, 31½ cents.

Q. Then you told his lordship in answer to my friend's question that it was of considerable advantage to deal with the Canadian manufacturer because he was right here and you could get supplies in a hurry? A. That is right.

Q. I take it that does not over-weigh price altogether in connection with the materials that you have bought; there are limits to that? A. Yes.

Q. I suppose that advantage would be entirely done away with if you could buy your Japanese material right from the warehouse here? A. Do you mean if it were supplied here from Japanese warehouses?

Q. Yes. A. I would not say so. We would rather bring it in direct.

Q. Well, speaking about being able to get it in a hurry, wouldn't there be an advantage? A. Oh yes, I see your point, quite right.

Q. In other words, your objection to having to bring it in would be done away if you could buy it right

cloth. It might be used for the lining of drapes or it might be used for the purpose of cheap comfortables or it might be used for slips, or under dresses, a variety of purposes.

Q. Further, I suppose, when you could not get that you used a domestic cloth? A. Yes, and we still use better domestic cloth.

Q. Without price, what land is ARMY BYE, the Commission market? A. [illegible] 44½ cents.

Q. Then you told his Lordship in answer to my friend's question that it was of considerable advantage to deal with the Canadian manufacturer because he was right here and you could get supplies in a hurry?

A. That is right.

Q. I take it that does not over-weigh price altogether in connection with the materials that you have bought; there are limits to that? A. Yes.

Q. I suppose that advantage would be entirely done away with if you could buy your Japanese materials right from the warehouse here? A. Do you mean if it were supplied here from Japanese warehouses?

Q. Yes. A. I would not say so. We would rather bring it in direct.

Q. Well, speaking about being able to get it in a hurry, wouldn't there be an advantage? A. [illegible] I mean [illegible], with [illegible].

Q. In other words, your objection to having to bring it in would be done away if you could buy it re

here from the warehouse? A. Yes.

Q. Now, did you have your present position in 1928 and 1929? A. Yes, sir.

Q. And in those days did you buy considerable Japanese goods? A. Was that before the last tariff put on?

Q. Yes, that was at the time when there was a 27½% ad valorem rate? A. Yes, there was a lot came into this country at that time.

Q. Did you buy a lot at that time? A. Yes, a very fair amount of it.

Q. Did you buy other lines besides the ones you have just recently bought? A. No, I was only interested in that 27 inch cloth at that time.

Q. Did you buy the same cloth at that time? A. Practically, yes.

Q. In volume? A. Well, about the same as what we have here.

Q. Then, in 1935 I do not suppose you bought anything at all? A. Not a thing.

Q. You did not buy anything at all? A. No.

Q. How would you say what you have bought this year compared in quality with what you bought in 1928 and 1929? A. Oh, they would run about the same grade of cloth, I would think.

Q. About the same? A. Yes, as that cheap one.

Q. So that, Mr. Mattinson, as far as you are

Have time now to-morrow? A. Yes.

Q. Now, did you have your present position in 1928 and 1929? A. Yes, sir.

Q. And in those days did you buy considerable Japanese goods? A. Yes that before the last tariff was.

Q. Yes, that was at the time when there was a 27½% ad valorem rate? A. Yes, there was a lot came into this country at that time.

Q. Did you buy a lot at that time? A. Yes, a very fair amount of it.

Q. Did you buy other lines besides the ones you have just recently bought? A. No, I was only interested in that 27 inch cloth at that time.

Q. Did you buy the same cloth at that time?

Q. Practically yes.

Q. In colours? A. Well, about the same as that we have now.

Q. Then, in 1928 I do not suppose you bought anything at all? A. Not a thing.

Q. You did not buy anything at all?

A. No.

Q. How would you say what you have bought this year compared in quality with what you bought in 1928 and 1929? A. Oh, they would run about the same grade of cloth, I would think.

Q. About the same? A. Yes, as that cheap one.

Q. So that, Mr. Mottinson, as far as you are

concerned you have only been asked to buy, or you have only shown any interest, not from the standpoint of material shown you, but from the standpoint of your duties, that you were simply in the department that buys this cheaper material; is that right?

A. That is right. The price range is what we have had to contend with with other houses so we have to be into it ourselves naturally.

Q. So far as your personal duties are concerned in your organization, Greenshields & Company, your jurisdiction is limited to these cheaper materials? You said somebody else buys the other--

MR. McRUER: No.

THE WITNESS: Somebody else on the real silks.

BY MR. KELLOCK: Q. Do you buy all rayons?

A. I buy all rayons.

Q. Were you shown samples this year of better class rayons? A. I have been but I was not interested.

Q. In 1928 and 1929 did you buy better class rayons? A. No, sir.

Q. Not at any time? A. No, sir.

Q. So you have no experience --

THE COMMISSIONER: Are you talking of the whole field of rayons?

MR. KELLOCK: No, Japanese rayons, my lord.

THE COMMISSIONER: You had better make that clear.

BY MR. KELLOCK: Q. In 1928 and 1929 you say you did not buy the better class Japanese rayons?

A. No, sir.

observed you have only been asked to buy, or you have not been asked to buy, but from the standpoint of material shown you, but from the standpoint of your duties, that you were simply in the department that buys this cheaper material; is that right?

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Q. Not at any time? A. No, sir.

Q. So you have no experience --

THE COMMISSIONER: are you talking of the whole field of rayons?

MR. KELLOCK: No, Commissioner, not have.

THE WITNESS: The not buying was that class.

BY MR. KELLOCK: Q. In 1928 and 1929 you may you did not buy the better class Japanese rayons?

A. No, sir.

Q. Did you see them in those years? A. Not to the extent we see them now, not in as large ranges.

Q. You mean you see a greater variety of cloths now, of the better class of cloths? A. Right.

Q. Then you did in 1928 and 1929? A. Yes.

Q. In 1928 and 1929, these better class cloths, were they of good quality so far as you observed in those years? A. Well, I was not really interested in them.

Q. Then, you cannot say? A. No.

Q. This year the samples that were shown you of the better class goods, did they look alright to you? A. Yes, they looked very good.

Q. You say you just did not buy? A. That is right.

THE COMMISSIONER: Mr. McRuer, perhaps the witness can tell us whether he has had any experience of Customs vexations, and quotations.

BY MR. McRUER: Q. In regard to the goods that you have desired to purchase, Mr. Mattinson, from Japan have you had any interference by the Customs Department? A. No, sir.

Q. Or any difficulties with them at all?

A. No, sir.

Q. The Customs laws have been interpreted as they are laid down and you knew where you were at?

A. We had no trouble with the first lot we landed.

Q. You have not experienced it in any of your dealings--

THE COMMISSIONER: You are talking about this year?

Q. Did you see them in those years? A. Not to my recollection, sir, in the last seven years.

Q. You mean you see a greater variety of clothing now, of the better class of clothes? A. Right.

Q. Then you did in 1928 and 1929? A. Yes.

Q. In 1928 and 1929, these better class clothes, were they of good quality so far as you observed in those years? A. Well, I was not really interested in them.

Q. Then, you cannot say? A. No.

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Q. You say you just did not buy? A. That is right.

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Q. Or any difficulties with them at all? A. No, sir.

Q. The Customs laws have been interpreted as they are laid down and you knew where you were at? A. We had no trouble with the first lot we landed.

Q. You have not experienced it in any of your dealings?

MR. MOTTINSON: You are talking about this year?

MR. McRUER: Yes, I am talking about this year. Now, in regard to this 27 inch taffeta my friend was asking you what type of goods would fill the same market as that has been filling and you said it would likely be a cotton and rayon fabric, a mixture? A. Well, it came in at a lower basis for that reason, you see.

Q. What I am getting at is this. We have a rayon manufactured here which sells at 18 cents and we have this fabric that sells here at 11 cents, a very much poorer fabric, I take it, than the 18 cent fabric. Does it meet a market, the 11 cent fabric, meet a market that had been supplied heretofore by a cotton and rayon mixture, a cheaper mixture? A. Yes, I am sorry to say it has in some parts of the province here.

THE COMMISSIONER: You mean Canadian product?

MR. McRUER: Canadian product. What kind of Canadian product would it be that it would displace, and when we are comparing costs we should compare the cost of a cotton and rayon mixture rather than some other all rayon cloth? A. Yes, but the cotton and rayon mixture was a wider width, 36 inch against that 27.

Q. It was a wider width; what would the cotton and rayon mixture sell at? A. I would say about possibly 18 cents, something of that order.

Q. 18 cents; I thought it was the rayon that sold at 18 cents? A. No, you are asking me about another cloth, speaking of this rayon and

MR. MCRUER: Yes, I am talking about this yes
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asking you what type of goods would fill the ma
market as that has been filling and you said it w
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A. Well, it came in at a lower basis for that rea
you see.

Q. What I am getting at is this. We have
rayon manufactured here which sells at 19 cents a
we have this fabric that sells here at 11 cents,
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some other all rayon cloth? A. Yes, but the
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[illegible] 27.

Q. It was a wider width; what would the co
and rayon mixture sell at? A. I would sa
[illegible]

Q. 19 cents; I thought it was the rayon that
sold at 19 cents? A. No, you are mi
[illegible] cotton fabric, speaking of this rayon a

cotton.

Q. What I am getting at is the type of people that would buy this cheap rayon, we will say for children's dresses, would be poor people? It would meet the demand of poor people, people that did not have a great deal of money to spend? A. It would not be in the better stores.

Q. Pardon? A. It would not be in the better stores.

Q. You say it would not be sold in the better stores? A. No, I would not think so.

Q. What I am getting at is what they would use if they were not using this, would they use cotton or would they use cotton and rayon for the same purpose, or does it rather fill a new bill in a demand for very cheap rayon? A. I would think it would interfere to a certain extent with that wider one, that 36 inch Canadian cloth even at the higher price.

Q. 36 inch, that is the 18 cent one? A. Yes.

Q. Well, does it sell in the lower price stores? A. It sells in most stores.

Q. It has a general sale? A. Yes.

Q. Well, I was just wondering if there was really very much difference, if the mills here could not produce a cloth like that, a cheap cloth, to sell at about that price. They do not produce one anyway. They do not produce as cheap a grade as that. What I mean by as cheap a grade -- A. I don't think they would allow it to be run on their looms.

Q. As poor a grade of cloth is not produced here?

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bottom.

Q. What I am getting at is the type of peopl that would buy this cheap rayon, we will say for children's dresses, would be poor people? It wou meet the demand of poor people, people that did n have a great deal of money to spend? A. It woul be in the better stores.

Q. Pardon? A. It would not be in the b stores.

Q. You say it would not be sold in the bette stores? A. No, I would not think so.

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Q. Are there a lot of girls in not producing they would allow it to be run on their looms.

A. No. It is seconds they run in it.

BY THE COMMISSIONER: Q. What is that? A. It is what is known as seconds, or flaws and shiners, everything that goes through that cloth.

BY MR. McRUER: Q. Now then, this heavy satin kimona cloth is a specially printed thing? A. Yes, I have never seen it in Canada.

Q. Have you ever seen -- let me see that exhibit 146, please. This white rayon for coffin linings that you sold -- you sold some Japanese rayon for coffin linings? A. Yes.

Q. Had you ever bought that type in Canada, of Jacquard? A. Yes, we have bought that.

Q. Where did you get it? A. We got it from either the Montreal Cottons or the Canadian Coloured. I am not sure whether Canada Coloured are making that now or not. I haven't seen any of late.

Q. Alright, thank you. Mr. Doner.

JOSEPH BYRON DONER, sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Doner, you are with the Robert Simpson Company? A. Yes, sir.

Q. You are a buyer? A. Yes, sir.

THE COMMISSIONER: Where?

MR. McRUER: The Robert Simpson Company in Montreal; are you engaged in buying piece goods? A. Yes, sir.

Q. Rayon piece goods? A. Yes, sir.

A. No. It is seconds they run in it.

BY THE COMMISSIONER: Q. What is that?

is what is known as seconds, or flaws and whatever everything that goes through that cloth.

BY MR. MONTGOMERY: Q. Now then, this heavy satin kimono cloth is a specially printed thing? A. I have never seen it in Canada.

Q. Have you ever seen -- let me see that exhibit, please. This white rayon for outfits lining that you said -- you said some Japanese rayon for outfits lining? A. Yes.

Q. Did you ever bought that type in Canada, of tapestry? A. Yes, we have bought that.

Q. Where did you get it? A. We got it from either the Montreal Cottons or the Canadian Colonized. I am not sure whether Canada Cotton are making that now or not. I haven't seen any of late.

Q. Alright, thank you. Mr. Lomer.

JOHN HUGH LOMER, sworn.

EXAMINED BY MR. MONTGOMERY:

Q. Mr. Lomer, you are with the Robert Simpson Company? A. Yes, sir.

Q. You are a buyer? A. Yes, sir.

[illegible]

MR. MONTGOMERY: The Robert Simpson Company in Montreal are you engaged in buying piece good? A. Yes.

Q. [illegible] A. Yes, sir.

Q. How long have you been with the Robert Simpson Company? A. Since the 15th of October, 1935.

Q. Where were you before that? A. With the Sears Roebuck & Company in the United States.

Q. In what capacity? A. Merchandise manager in various stores.

Q. Now, can you tell me whether you are buying any Japanese rayon piece goods in the Montreal store of the Robert Simpson Company? A. We are not.

Q. Have you bought any at all? A. No, sir.

Q. You have not bought any; have you had any offered --

THE COMMISSIONER: That is a pretty big question, have you bought any at all. Do you mean within any time?

BY MR. McRUER: Q. I mean since you have been there? A. No, sir.

Q. Have you been offered any? A. Plenty, yes, sir.

Q. You have been offered plenty of opportunities to buy them? A. Yes, sir.

Q. Why have you not bought them? A. Mostly on account of my previous experience with Japanese goods in the United States.

Q. Had you previous experience with Japanese goods in the United States? A. Yes, sir, plenty.

Q. When? A. I have been buying them for the last eight years?

Q. Have you been handling rayons over there? A. Yes, sir.

Q. How long have you been with the Robert Simpson Company? A. Since the 18th of October.

Q. Where were you before that? A. With Hart House Studios, in Toronto Eastern Division.

Q. In what capacity? A. Storekeeper and in various stores.

Q. Now, can you tell us whether you are buying any Japanese rayon piece goods in the Montreal at of the Robert Simpson Company? A. We are.

Q. Have you bought any at all? A. No, s

Q. You have not bought any; have you had any order --

THE CHAIRMAN: That is a pretty big quest have you bought any at all. Do you mean within Canada

BY MR. MORAND: Q. I mean since you have been there? A. No, sir.

Q. Have you been offered any? A. Plenty, sir.

Q. You have been offered plenty of opportuni to buy them? A. Yes, sir.

Q. Why have you not bought them? A. Mere on account of my previous experience with Japanese goods in the United States.

Q. And you previous experience with Japanese in the United States? A. Yes, sir, pie

Q. Then A. I have been buying them the last eight years.

Q. Have you been handling rayons over there? A. Yes, sir.

Q. To what extent? A. Quite a large extent. In my departments I bought $1,500,000 worth of merchandise a year and $50,000 or $60,000 worth of that would consist of rayons.

BY THE COMMISSIONER: Q. How much rayon? A. $50,000 or $60,000 worth of rayons, both domestic and imported, and I would say possibly -- this is an approximate figure -- $8,000 to $10,000 worth of Jap merchandise, mostly in pongees and merchandise at the time that was not available in the United States.

BY MR. McRUER: Q. Mostly in pongees? A. Yes, sir.

Q. Would pongee be rayon? A. No, it is a silk.

Q. Now, what was your experience in the United States in regard to Japanese rayons? What was the experience you had referred to that made you shy off them here? A. Well sir, you understand the Sears Roebuck organization did a country wide business of a different nature than my present, than the present organization does. We sold more popular price goods over there. Consequently we were able to sell Japanese taffetas and pongees and satins more freely than we are at the Robert Simpson Company in Montreal. Up until the present time I have not seen sufficient lines of Japanese merchandise to interest us in this particular market.

Q. Dealing with rayons only --

THE COMMISSIONER: I don't think that gives you the situation. He says he has not seen the lines to

Q. To what extent? A. Quite a large

In my department I bought $1,500,000 worth of
merchandise a year and $50,000 or $60,000 worth o
small amount of Japanese.

5 BY THE COMMISSIONER: Q. How much Japan? A.
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BY Mr. McGREER: Q. Mostly in porcess? A. Y

Q. Could porcess be repeat? A. No, it is s
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dise to interest me in this particular market.

Q. Dealing with Japan only --

THE COMMISSIONER: I don't think that gives y
the situation. He says he has not seen the lines
30

interest this market. He began by saying he would not buy Japanese goods on account of the experience he had with them in the States? A. Well, your Honour, there is in the United States a class of customers, what I should say a customer in between, there is definitely --

BY MR. McRUER: Q. A middle class? A. A middle class and high class in the United States and Sears Roebuck catered to the middle class. Consequently we got more business on the Japanese merchandise. Now, coming in here where the business is entirely of a different nature I have hesitated or refrained from buying Japanese merchandise inasmuch as I felt it was definitely for the middle class people and lower. Does that explain?

BY MR. McRUER: Q. Yes. Well then, as far as rayons are concerned, and leaving out of consideration at the moment other things; did you handle Japanese rayons? A. Absolutely.

Q. In Sears Roebuck? A. Yes, sir.

Q. To what extent would they form part of your rayon business? A. From the previous figure I gave you approximately 5% of our rayon business.

Q. You found no difficulty in the United States in getting your orders filled for Japanese rayons if you wanted to import them? A. No, sir, not that I can remember.

Q. Did you have any TARIFF troubles, or any troubles with the Customs Department, or anything like that? A. Not in my experience.

labeled this entry. Do you mean to imply that you
not buy Japanese goods on account of the experience
he had with them in the States? A. Well, Your
Honour, there is in the United States a class of
[illegible], that I should say, in between in between
there is definitely --

BY MR. MORROW: Q. A middle class? A. Yes,
class and high class. In the United States and Ca
Hookook catered to the middle class. Consequently
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Now, coming in here where the business is entirely
of a different nature I have benefited or returned
from buying Japanese merchandise because as I say
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BY MR. MORROW: Q. Yes. Well then, as far
anyone are concerned, and leaving out of consideration
at the moment other things; did you handle Japanese
[illegible]

A. [illegible] Q. Yes, sir.

Q. To what extent would they form part of
Royal business? A. From the previous
figure I have you approximately 8% of our [illegible]

Q. You found no difficulty in the United States
in [illegible]
you wanted to import them? A. No, e
that I can remember.

Q. Did you have any difficulties, or any trouble
with the Customs Department, or anything like
A. No, [illegible]

Q. They were imported at the customs duties that were shown in the customs tariff? A. Yes.

Q. And laid down; and I suppose you just had to reckon on what you could import them for and how far they would compete with local products? A. Yes.

Q. Purely a price proposition along with the quality of the goods? A. Absolutely.

Q. And it formed about 5% of your rayon business in the United States? A. Yes, sir.

Q. I suppose you were situated in the United States to take advantage of the Japanese product; you are better situated in the United States to take advantage of the Japanese product than you are here? A. Yes, sir, pardon me, up until the present time. We have been shown more extensive lines each month, I might even say.

Q. You are shown more extensive lines by the Japanese? A. Yes, sir. When I started to buy merchandise in Canada in London, Ontario and other cities they were very limited, but at the present time there are more extensive ranges.

Q. You have more extensive ranges coming along; then, they apparently are canvassing you all the time? A. Yes, sir.

Q. Right up until now? A. Yes, until ten days ago.

Q. Doing the best they can to sell to you? A. Yes, sir.

Q. How does the price of rayon compare in the United States with the price of rayon in Canada, in

Q. They were imported at the customs duties
were shown in the customs tariff? A. Yes.

Q. And laid down; and I suppose you just had
reckon'd what you could import them for and
they would compete with local producers? A. Yes

Q. Did you attach importance also with the
quality of the goods? A. Absolutely.

Q. And it turned about 5% of your rayon busi
in the United States? A. Yes, sir.

Q. I suppose you were situated in the United
states to take advantage of the Japanese product;
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A. Yes, sir.

Q. Right up until now? A. Yes, until
days ago.

Q. Doing the best they can to sell to you?
A. Yes, sir.

Q. How does the price of rayon compare i
United States with the price of rayon in Canada.

piece goods? A. I see very little difference.

Q. It runs about the same? A. That has been my observation over a period of eight months.

Q. What do you say about being able to get the supplies that you want in Canada from the domestic mills? Can you get as many lines as you did in the United States? A. I consider that this market, from what experience I have had in it nine years ago and then at the present day, is considerably more limited as far as their mills are concerned, but I believe they realize it and are making tremendous strides in the right direction.

Q. On diversification of lines? A. Yes, that is my observation from nine years ago and at the present day, and not only that, I have kept in contact with it for the last seven years in coming here once or twice a year.

Q. Even in the last few months a great many of the silk mills have been spreading themselves in the rayon industry? A. So I understand.

Q. Do you import any from Great Britain? A. Yes, sir.

Q. What percentage of your rayon requirements would be imported from Great Britain? A. Not more than 25%.

Q. And do you import from any of the other European countries? A. No. The major part of our entire volume in the rayon department consists of first Canadian, second English and third American.

Q. Any from France or Italy -- I suppose not with

yarns goods? A. I see very little difference.

Q. Is true about the sewing? A. That has been my observation over a period of eight months.

Q. What do you say about being able to get the supplies that you want in Canada from the domestic mills? Are you not as many times as you did in the United States? A. I would say that the market, from what experience I have had in it nine years ago and then at the present day, is somewhat more limited as far as their utility are concerned. I believe they realize it and are making tremendous strides in the right direction.

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Q. Do you import any from Great Britain?

A. Yes, sir.

Q. What percentage of your rayon requirements would be imported from Great Britain? A. Not a [illegible].

Q. And do you import from any of the other countries? A. No. The major part of entire volume in the rayon department consists of Canadian, second Italian and third American.

Q. Any from France or Italy -- I suppose not

Italy just now. A. We have resident buyers in these countries at all times to keep in contact with what is going on, but I have not found it necessary -- saw no merchandise that we thought was desirable in the last ten months.

Q. Have you had any of these Canadian jacquards shown to you in the last -- since you have come here in October? A. No, sir.

THE COMMISSIONER: What exhibit is that?

MR. LeROUX: Looking at exhibit 146, my lord; do you call these jacquards or brocades? A. This I would call a jacquard.

Q. I show you the white and the yellow and the red in this exhibit and you say you have not had any of these shown to you since you have come here? A. No, sir.

Q. Alright, then.

THE COMMISSIONER: That is all.

--

BY MR. KELLOCK:

Q. Mr. Doner, you have been in Canada --

THE COMMISSIONER: I beg your pardon, Mr. Kellock; I thought you had examined him.

BY MR. KELLOCK: Q. You have been in Canada since last October? A. Yes, sir.

Q. And before that your experience was entirely in the United States? A. I spent 3½ years in Canada previous to that time, previous to ~~1935~~ 1927.

Q. Well, between 1927 and 1935 where were you? A. In the United States.

fully lived.

Q. Do been muslim supp

in these countries at all times to keep in contact

with what is going on, but I do not feel that it

ary -- but no matchmaking that we thought was feasi

ble in the last ten months.

Q. Have you had any of these Canadian journal

men to visit the last -- since you have come h

ere? A. Yes, sir.

THE COMMISSIONER: That exhibit is that?

MR. [illegible]: Looking at exhibit 146, my Lord;

do you recall being shown it [illegible]

I would call a journal.

Q. I show you the white one, the yellow and th

red in this exhibit and you say you have not had a

ny of those shown to you since you have been here?

A. No, sir.

Q. Alright, then.

THE COMMISSIONER: That is all.

--

BY MR. MACLEOD:

Q. Mr. [illegible], you were born in Germany --

THE COMMISSIONER: I beg your pardon, Mr. [illegible]

I thought you had examined him.

BY MR. MACLEOD: Q. You have been in Canada

long [illegible]? Yes, sir.

Q. And before that your residence was outsi

de the United States? A. I spent 25 years in

[illegible]

Q. Well, between 1917 and 1919 where were yo

u? A. In the United States.

Q. Whereabouts? A. In Chicago and New York and Detroit.

Q. In charge of what departments? A. Rayons, silks and cottons.

Q. Take Chicago, for instance, is there one store or more than one store there? A. There are seven.

Q. Were you in charge of one store or more than one? A. I bought for the seven stores.

Q. Rayons only? A. Those lines I have mentioned a moment ago, silks, rayons and cottons.

Q. You did that in Chicago for how long? A. From the latter part of 1927 until 1935.

Q. Well, you mentioned New York and Detroit also? A. I beg your pardon. For the last three years I was in Chicago.

Q. Before that you were in Detroit? A. Yes, sir.

Q. Buying for one store or more than one store? A. For 18 stores spread around through the States of Michigan, Ohio and Wisconsin.

Q. Any in Detroit city itself? A. Yes.

Q. And smaller stores throughout the country? A. Yes.

Q. You said before 1927 you were in Canada? Where? A. At the border, Sarnia, Ontario and London, Ontario.

Q. Whereabouts in Sarnia? A. Geddis Brothers, importers.

Q. They are Canadian importers, are they? A. Yes.

Q. Of American goods? A. They are a department

Q. [illegible] Q. In Chicago and New York [illegible]?

Q. In charge of what department? A. Women's silks and corsets.

Q. Take Chicago, for instance, is there one store or more than one store there? A. There are seven.

Q. Have you in charge of one store or more than one? A. I happen for the seven stores.

Q. Women and? A. Have since I have mentioned a moment ago, silks, velvets and cottons.

Q. You did that in Chicago for how long? A. From the latter part of 1927 until 1935.

Q. Well, you mentioned New York and Detroit also? A. I was there previous. For the last three years I was in Chicago.

Q. Before that you were in Detroit? A. Yes.

Q. Having for one store or more than one store? A. For 16 stores spread around through the States of Michigan, Ohio and Wisconsin.

Q. Any in Detroit city itself? A. Yes.

Q. And smaller stores throughout the country? A. Yes.

Q. You said before 1927 you were in Canada? Where? A. At the Windsor, Sarnia, Ontario and London, Ontario.

Q. Throughout in Sarnia? A. Middle Prov[illegible]

Q. They are Canadian importers, are they? A. Yes.

Q. Of [illegible]? A. They are a [illegible]

store and they call themselves Geddis Brothers, importers.

Q. Where in London? A. Smallman and Ingram.

Q. And now you are with the Robert Simpson Company here? A. Yes.

BY MR. McRUER: Q. For the purpose of the record, Smallman and Ingram is a department store? A. Yes.

BY MR. KELLOCK: Q. Now you are with the Robert Simpson Company in Montreal? A. Yes.

Q. Rayons only? A. Rayons, silks, cottons and woollens.

Q. I understood from Mr. Fletcher he did the buying; where do you and Mr. Fletcher come in? A. Mr. Fletcher buys for the Toronto store, at least, has up until the present time and I buy for the Montreal store.

Q. You buy for the Montreal store? A. Yes.

Q. You say you have not bought any Japanese goods at all for the Montreal store in 1936? A. I have not -- we have not imported any Japanese goods. We have transferred a few Japanese cottons from the Toronto store, but no purchases as far as I am concerned.

Q. Have you bought from any agent or any other source for your Montreal store any goods of Japanese manufacture? A. Not to the best of my knowledge.

Q. Then, you have not handled any Japanese goods at all in the Montreal store in 1936?

store and they sell themselves double Crothers, impr-
ters.

Q. Where in London? A. Smallman and
Ingram.

Q. And now you are with the Robert Simpson Comp-
any? A. Yes.

BY MR. MERRIN: Q. For the purpose of the record,
Smallman and Ingram is a department store?
A. Yes.

BY MR. MACDONALD: Q. Now you are with the Robert
Simpson Company in Montreal? A. Yes.

Q. Rayons only? A. Rayons, silks, cottons
and woollens.

Q. I understood from Mr. Fletcher he did the
buying; where do you and Mr. Fletcher come in?
A. Mr. Fletcher buys for the Toronto store, at least,
has up until the present time and I buy for the
Montreal store.

Q. You buy for the Montreal store? A. Yes.

Q. You say you have not bought any Japanese
goods at all for the Montreal store in 1930?
A. I have not -- we have not imported any Japanese
goods. We have transferred a few Japanese cottons
from the Toronto store, but we only have and do so I
am concerned.

Q. Have you bought from any agent or any other
source for your Montreal store any goods of Japanese
manufacture? A. Not to the best of my knowledge.

Q. Then, you have not bought any Japanese goods
at all in the Montreal store in 1930?

BY MR. McRUER: Q. Except the cottons?

A. Except the cottons transferred from Toronto, and whenever we want fill-in lines. When I came here we had a very extensive line of Japanese silks.

BY MR. KELLOCK: Q. Those are real silks?

A. Yes, sir, and we transfer any of these things from Toronto, any fill-ins.

Q. But, speaking of rayons? A. I have not transferred or bought any rayons.

Q. In 1935 when you were here, that is the same store, is it? A. Yes.

Q. And you say that you have been offered certain goods. What goods have you been offered, what types? A. I have been offered printed rayons.

Q. What prices? A. We might as well start at the 27 inch taffeta, 27 and 36 inch taffetas, brocaded, plains, satins, angel skins -- do you want me to quote the price as I go?

Q. Give me the price range? A. Angel skins quoted at 18 cents a yard, 36 inch angel skins. Satins and taffetas are as the other gentlemen have witnessed, as near as I can remember, 13 cents on the taffeta, and in the other lines, well, there are so many different lines.

Q. You told his lordship your experience in the United States had been confined to cheaper price goods? A. Yes, sir.

Q. That is the kind of merchandise Sears Roebuck handle? A. Correct.

[illegible] in Toronto the Montreal

A. Except for stocks [illegible] ITEM TWELVE.

and whenever we want fill-in lines. When I came here we had a very extensive line of tapestries silks.

5 BY MR. [illegible]: Q. These are real silks?

A. Yes, sir, and we transfer any of these things from Toronto, any fill-ins.

Q. Not, speaking of tapestry? A. I have not transferred or bought any tapes.

10 Q. In 1932 when you were here, that in the same store, is it? A. Yes.

Q. And you say that you have been offered certain goods. What goods have you been offered, [illegible]

15 [illegible]

Q. What widths? A. We might as well start at the 27 inch taffeta, 27 and 36 inch taffetas, brocaded, plains, satins, angel satins -- do you want me to quote the prices as I go?

20 Q. Give me the price range? A. Angel satins quoted at 15 cents a yard, 36 inch angel satins. Satins and taffetas are as the other materials in no witnessed, as near as I can remember, 15 cents on the taffeta, and in the other lines, well, there are as many different lines.

25 Q. You told his lordship your experience in the United States had been confined to cheaper price goods? A. Yes, sir.

30 Q. That is the kind of merchandise Sears Roebuck handle? A. Correct.

Q. So that whether domestic or foreign your experience in the United States was confined to that? A. Will you repeat that, domestic or foreign what?

Q. I said you told his lordship that your experience -- that your house dealt with middle class buyers in the cheaper goods? A. That is correct.

Q. I am saying to you in the form of a question that your experience in buying goods to fill that demand, whether you were buying foreign goods or domestic goods, was confined to the cheaper goods? A. Up until October 15th.

Q. You have not bought any since October 15th, of Japanese? A. No, that is correct.

Q. You have bought entirely domestic products? A. That is correct.

Q. And some from Great Britain? A. Yes.

Q. Some from Great Britain. Now, might I see exhibit 427 please. You said you had a number of people coming to you to buy? A. Yes, sir.

Q. When was that? A. The most recent was on the--

THE COMMISSIONER: Did you say 127?

MR. KELLOCK: 427.

THE WITNESS: On the 5th of June -- of May, I beg your pardon -- ten days ago.

THE COMMISSIONER: Is that about the 5th of June?

MR. KELLOCK: He said he had someone come to see him on the 5th of June and then he said May. Did you mean the 5th of June or May? A. As near as I can recollect about ten days ago.

Q. Do you remember speaking to Inspector McLean in the Dwyer -- during the Dwyer -- during the Dwyer trial?

A. I did not remember that. Speaking to Inspector McLean?

Q. I said you told him forbidding that your excuse -- that your house dealt with middle class people in the country district? A. Not in writing.

Q. I am saying to you in the form of a question that your experience in buying goods to fill that demand, whether you were buying foreign goods or domestic goods, was confined to the cheaper goods?

A. It mainly confined with.

Q. You have not bought any since October 1914, of Japanese? A. No, that is correct.

Q. You have bought entirely domestic production?

A. That is correct.

Q. And some from Great Britain? A. Yes.

Q. Some from Great Britain. Now, might I see exhibit 427 please. You said you had a number of people coming to you to buy? A. Yes, sir.

Q. When was that? A. The most recent was on that--

THE COMMISSIONER: Did you say 1917?

MR. KENNEDY: 427.

THE WITNESS: On the 8th of June -- of May. I beg your pardon -- ten days ago.

MR. COMMISSIONER: Is that about the 8th of June?

Q. Inspector McLean in his evidence says in the 8th of June or May? A. As near as I can remember now last year.

THE COMMISSIONER: Was this for Japanese goods?

BY MR. KILLOCK: Q. Was that Japanese goods? A. Yes.

Q. Rayons? A. Yes.

Q. What were you being offered on that occasion? A. The largest range I have ever seen, everything they have got.

Q. Who did that? A. Mr. Fairchild.

Q. Representing whom? A. Mitsui.

Q. You say Mr. Fairchild canvassed you ten days ago on behalf of Mitsui? A. Yes.

Q. You say he showed you the largest range of Japanese rayons you had ever seen? A. Yes, sir.

Q. Then, in the States, you had not seen anything but the cheaper goods. Now, were you shown some better class goods by Mr. Fairchild? A. Yes, sir.

Q. Why didn't you buy? A. We have looked over these with a very open mind, but until such a time as they are improved sufficiently to fill our demand I did not think it was essential that we purchase any.

Q. Until they are improved sufficiently; what do you mean? A. Mainly in styling, as well as quality.

Q. Are you speaking about styling or quality or styling and quality? A. Both are essential in our business.

Q. You mean the designs? A. The designs

Mr. Kingsmill: Q. Was that Japanese goods?

A. Yes.

Q. Exactly ... Q. Were you being offered on that occasion

Q. The largest range I have ever seen, everything they have got.

Q. Was it true? ... A. Certainly.

Q. Impressive, eh? A. Quite.

Q. You say Mr. Tomonaga came and got his ego on behalf of Matsuyi? ... Yes.

Q. You say he showed you the largest range of Japanese rayons you had ever seen? A. Yes, sir.

Q. Then, in the Eastern, you had not seen anything but the cheaper goods. Now, were you shown some better class goods by Mr. Nishimiji? A. Yes, sir.

Q. Why didn't you buy? A. We have looked over these with a very open mind, but until a time as they are improved sufficiently to fill our needs I did not think it was essential that we purchase any.

Q. Until they are improved sufficiently, what do you mean? A. Quality in styling, as well as quality.

Q. Are you speaking about styling or quality or styling and quality? A. Both are essential in our business.

Q. You mean the designs? A. The designs

particularly.

Q. The designs did not appeal to you? A. Yes.

Q. What do you say about the quality?

A. Well, the designs are the foremost --

Q. Well, I am asking about the quality?

A. It should be improved.

Q. Is there anything wrong with the quality?

A. I consider it should be a better cloth than what they are showing at the present time in order to put it in our stores.

Q. In order to what? A. In order to put it in our store.

Q. But you sell the very cheapest stuff in your store, do you not? A. Not in prints.

Q. Not in prints? A. Not in style merchandise, no, sir.

Q. From the standpoint of quality what was the matter, can you be more particular? A. Well, my experience has always been on this merchandise that they are showing at the present time that it is the imperfections that they have in the merchandise.

Q. Is what you were shown the other day the same type of stuff? A. No, it is much clearer than what I have looked at previously. They have made some progress towards the end but not sufficient to warrant putting it in our stores.

Q. What I am asking you, you have already told us your experience in the United States, as far as Japanese goods or domestic goods were concerned, was confined to the cheaper merchandise? A. Yes.

Q. The designs did not appeal to you? A. Yes.

Q. What do you say about the quality?

A. Well, the designs are the foremost --

Q. Well, I am asking about the quality?

A. It should be improved.

Q. Is there anything wrong with the quality?

A. I consider it should be a better cloth than what they are showing at the present time in order to put it in our stores.

Q. In order to what? A. In order to put it in our store.

Q. But you sell the very cheapest stuff in your store, do you not? A. Not in prints.

Q. Not in prints? A. Not in alpin man-chester, no, sir.

Q. From the standpoint of quality what was the matter, can you be more particular? A. Well, my experience has always been on this merchandise that they are showing at the present time that it is the imperfections that they have in the merchandise.

Q. Is that your main complaint by the same type of stuff? A. No, it is much cleaner than what I have looked at previously. They have made some progress towards the end but not sufficient to warrant putting it in our stores.

Q. What I am asking you, you have already told us your experience in the United States, so far as Japanese goods or domestic goods were concerned, was confined to the cheaper merchandise? A. Yes.

Q. Was it cheaper merchandise that was shown you ten days ago? A. No, it was all classes, started out with the 27 inch taffeta which is the cheapest they make in Japan and right up to the best qualities.

Q. Up to what price? A. As I recollect 45 cents a yard, cost.

BY THE COMMISSIONER: Q. That is for the best quality? A. Yes, sir.

BY MR. KELLOCK: Q. What kind of material is that? A. Printed rayon flat crepe, or spun rayon.

Q. I want to show you exhibit 427, Mr. Doner; would you look at these samples? What do you say as to these materials?

THE COMMISSIONER: Did you say 427?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That is a table of costs, isn't it?

MR. KELLOCK: Well, I think, my lord, that there is a table of costs included but the samples are also shown, my lord.

THE COMMISSIONER: Alright.

BY MR. KELLOCK: Q. What do you say as to that? A. I consider that a fairly good cloth.

Q. You consider that pretty good cloth? A. It would depend on the price.

Q. Of that type of goods do you regard that as perfect goods? A. As much as I can see of it.

Q. That is number 44205, and just look at this,

Q. Was it Shuster merchandise that was
shown you two days ago? A. No, it was all
cheese, started out with the 27 inch variety which is
the cheapest they make in Japan and right up to the
best qualities.

Q. Up to that price? A. Up I recollect
at least 2 yards, maybe.

BY THE CHAIRMAN: Q. That is for the best
quality? A. Yes, sir.

BY MR. ROBINSON: Q. What kind of material is
that? A. Printed rayon flat crepe, or
crepe.

Q. I think if where you realize sir, Mr. Commissioner
would you look at these samples? What do you say as
to these samples?

THE COMMISSIONER: Did you say, sir?

MR. YELLOWLEE: Yes, my lord.

THE COMMISSIONER: Well is a table of course, isn't
it?

MR. YELLOWLEE: Well, I think, my lord, that
there is a table of course included but the samples
are also shown, my lord.

THE COMMISSIONER: ALRIGHT.

BY MR. ROBINSON: Q. What do you say as to that?
A. [illegible] prices and sizes.

Q. You consider that pretty good cloth?
A. It looks fairly in the price.

Q. Of that type of goods do you regard that as
average quality? A. As much as I can see of it.

Q. That is almost Rayon, you just feel it, Mr.

Mr. Doner, please. Do you say the same about that?
A. Yes, sir.

Q. You say the same about that? A. Yes, sir.

Q. That is number 44490. You have not seen Japanese offerings like these, offered you recently, have you? A. Not that particular cloth.

Q. Dealing first with this one; what do you say about that? Do you say the same about that as the previous samples I have shown you? A. Yes, if I know the price of it.

Q. I am not asking about the price, I am asking about the quality? A. Yes, the quality I consider o.k.

Q. I am asking you have you been shown anything as good as that recently, say this year?
A. I have seen qualities better, but not of that nature.

Q. What do you mean by that? A. You said as good as that. I have seen more expensive cloths, but not satin finish.

Q. I understood you to tell his lordship that what you had been shown you were not satisfied with from the standpoint of quality; is that right? A. And style.

Q. Now, the samples that I have shown you, you say they are perfect goods; is that right?
A. Yes, sir.

Q. Well then, I say then that you have not been shown by anybody wanting to sell, perfect goods like these samples? A. Not that particular one, no.

Mr. Donner, please. Do you say the same about that?

A. Yes, sir.

Q. Now that concludes that. A. Yes, sir.

Q. That is number 44490. You have not seen Japanese offering like this, offered you recently, have you? A. Not that particular cloth.

Q. Nothing exactly like that? Do you say the same about that? Do you say the same about that as the previous samples I have shown you? A. Yes, if I knew the price of it.

Q. I am not asking about the price. I am asking about the quality? A. Yes, the quality I appreciate.

Q. I am asking you have you been shown anything as good as that recently, say this year?

A. I have seen qualities better, but not of that nature.

Q. What do you mean by that? A. You said as good as that. I have seen more expensive cloths, but not satin finish.

Q. I understood you to tell him forsooth that you had been shown you were not satisfied with from the standpoint of quality; is that right? A. And style.

Q. Now, the samples that I have shown you, you say they are perfect goods; is that right?

A. Yes, sir.

Q. Well then, I say then that you have not been shown by anybody wanting to sell, perfect goods like these samples? A. Not that particular one, no.

BY THE COMMISSIONER: Q. What is that?

A. Not that particular sample, no goods the same as that particular sample.

BY MR. KELLOCK: Q. It is of a quality the same as these particular samples I have shown you; is that what you saw? A. That is correct.

MR. McRUER: Where do these come from? How were they proved?

MR. KELLOCK: Exhibit 427.

MR. McRUER: Who proved them?

MR. KELLOCK: Mr. Gordon.

MR. McRUER: Did Mr. Gordon tell us where he got them.

MR. KELLOCK: Yes, I think so. It is in the evidence. That is all, thank you.

BY MR. McRUER: Q. I suppose in quoting on any fabric in determining whether it will sell the price and quality are two things that are important?

A. Price, quality and styling.

Q. Price, quality and styling? A. Definitely so.

Q. So one may take certain goods and say "well, this is a certain price" and another piece of goods and say "that is a certain price", but whether they compete with one another is a question of quality and style? A. Distinctly so.

Q. The mere fact that we label this taffeta or label that crepe or anything else does not mean very much until we have determined on the quality and the style? A. That is the reason that

Q. Was it Mr. Vidal? A. Not that particular sample, no goods the same as that particular sample.

BY MR. KILGOUR: Q. It is of a quality the same as these particular samples I have shown you; is that what you mean? A. That is correct.

MR. MCRUER: Where do these come from? How were they proved?

MR. KILGOUR: Barely ever.

MR. MCRUER: Who proved them?

MR. KILGOUR: Mr. Gordon.

MR. MCRUER: Did Mr. Gordon tell us where he got them.

MR. KILGOUR: Yes, I think so. It is in the evidence. That is all, thank you.

BY MR. MCRUER: Q. I suppose in putting on any fabric in determining whether it will sell the price and quality are two things that are important? A. Price, quality and styling.

Q. Price, quality and styling? A. Certainly.

Q. So one may take certain goods and say "well, this is a certain price" and another piece of goods and say "that is a certain price", but whether they compete with one another is a question of quality and style? A. Certainly so.

Q. The mere fact that we label this tufteto or label that crepe or anything else does not mean very much and I've been informed on the quality and the styling. Q. What is the reason that

I hesitate to give my opinion on these samples because they are so small, it is hard to determine whether they are first quality or not.

Q. Now, where was it -- where did you get these, Mr. Gordon?

MR. BLAIR GORDON: These, Mr. McRuer, were samples covered by the cable sent to Mr. Butterfield of New York, Butterfield and Company. Do you remember, they were filed on Thursday morning.

MR. McRUER: Something that Butterfield sent up in response to a cable, a cable to where?

MR. GORDON: A cable from the principals in Japan covering these samples and giving the prices.

MR. McRUER: There is no suggestion that these things that are put in here are prices that have been quoted in Montreal?

MR. GORDON: No, the prices were quoted C.I.F. New York.

MR. McRUER: There is no suggestion they were quoted for people in Montreal or quoted for people in New York?

MR. GORDON: Yes, they were, they were quoted for people in New York.

MR. McRUER: There has been no suggestion there was a telegram sent from here to New York?

MR. GORDON: No, a cable came from Japan to New York quoting the prices on these samples.

MR. McRUER: Have we got the cable?

MR. GORDON: Yes, it is in the evidence too.

I hesitate to give my opinion on these samples because they are so small. It is hard to determine whether they are first quality or not.

Q. Now, where was it -- where did you get these, Mr. Gordon?

A. They [illegible] Q. Mr. Gordon, was Samuel [illegible] served by the cable sent to Mr. Butterfield of New York, Butterfield and Company. Do you remember, they were filed on Thursday morning.

MR. McKIM: Something that Butterfield sent up in response to a cable, a cable to where?

MR. GORDON: A cable from the principals in Japan covering these samples and giving the prices.

MR. McKIM: There is no suggestion that the things that are put in here are prices that have been quoted in Montreal?

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MR. McKIM: There is no suggestion they were quoted for people in Montreal or quoted for people in New York?

MR. GORDON: Yes, they were, they were quoted for people in New York.

MR. McKIM: There has been no suggestion there was a telegram sent from here to New York?

MR. GORDON: No, a cable came from Japan to New York quoting the prices on these samples.

MR. McKIM: Have we got the cable?

MR. GORDON: Yes, it is in the evidence too.

MR. McRUER: This was put in in such a round about way that I have lost track of them altogether.

MR. GORDON: I am sorry. They were put in fairly good.

MR. McRUER: At any rate, there is nothing like this has come to you in Montreal.

THE COMMISSIONER: That is exhibit 426.

MR. McRUER: Have you got the cable there? Yes, but this isn't the cable. This is quotations by cable from Kitagawa & Company to Fred Butterfield and Company, New York, but we haven't anything from Butterfield, have we?

MR. GORDON: They came through Butterfield.

MR. McRUER: We haven't got the cable to Butterfield, nor anything from Butterfield.

MR. GORDON: No, we haven't the original.

MR. McRUER: Nor anything from Butterfield that vouches for it.

MR. GORDON: It can be substantiated.

MR. McRUER: Did you call Butterfield and ask him to get this?

MR. GORDON: An agent of ours in New York was the man who got that from Butterfield and sent it to us.

MR. McRUER: An agent of yours in New York. Have you got any communication from the agent in New York?

MR. GORDON: Yes, we would have a communication.

MR. McRUER: I cannot quite see how you proved these things. I think they got in when I wasn't looking.

MR. GORDON: The absolute validity of that can be

MR. MORGAN: This was put in in such a funny about way that I have lost track of them altogether.

MR. GORDON: I am sorry. They were put in fairly good.

MR. MORGAN: At any rate, there is nothing like this has come to you in Montreal.

THE CHAIRMAN: That is hardly fair.

MR. MORGAN: Have you got the cable there? Yes, but this isn't the cable. This is quotations by cable from Kingsway X Company to Fred Butterfield and Company, New York, but we haven't anything from Butterfield, have we?

MR. GORDON: Have you Sworn Statements?

MR. MORGAN: We haven't got the cable to Butterfield, nor anything from Butterfield.

MR. GORDON: No, we haven't the original.

MR. MORGAN: Nor anything from Butterfield that vouches for it.

MR. GORDON: It can be substantiated.

MR. MORGAN: Did you call Butterfield and ask him to get that?

MR. GORDON: [illegible] man who got that from Butterfield and sent it to us.

MR. MORGAN: An agent of yours in New York. Have you got any communication from the agent in New York?

MR. GORDON: Yes, we have a communication.

MR. MORGAN: I cannot quite see how you proved these things. I think they got in when I wasn't looking.

MR. GORDON: The material validity of that was

established fully.

MR. McRUER: Is it an absolute valid quotation or is it something that was inquired for for the purpose of this inquiry?

MR. GORDON: It was inquired for for the purpose of this inquiry, in a way, yes, but Butterfield did not do that.

MR. McRUER: Butterfield is not selling on these prices?

MR. GORDON: He offered to.

MR. McRUER: But he cannot sell?

MR. GORDON: I don't know.

MR. McRUER: Has he ever sold on any of these prices?

MR. GORDON: I don't know.

MR. McRUER: We could ask a lot of questions about this again.

THE COMMISSIONER: Be careful there, there are two exhibits there, 426 and 427.

MR. McRUER: That is all.

THE COMMISSIONER: Well, we will go on to-morrow morning at ten a.m.

-- The Commission adjourned at 5 p.m., Monday, June 15th, 1936 to resume at 10 a.m. Tuesday, June 16th, 1936.

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questions only.

MR. MOLLOY: Is it an absolute valid question or is it something that was inquired for for the purpose of this inquiry?

MR. DOWNEY: It was inquired for the purpose of this inquiry, in a way, yes, but Butterfield did not do that.

MR. MOLLOY: Butterfield is not selling on these prices?

MR. DOWNEY: No.

MR. MOLLOY: But he cannot sell?

MR. DOWNEY: I don't know.

MR. MOLLOY: Has he ever sold on any of these prices?

MR. DOWNEY: I don't know.

MR. MOLLOY: We could ask a lot of questions about this again.

THE COMMISSIONER: We covered that there. There are the exhibits there, 666 and 667.

MR. MOLLOY: That is all.

THE COMMISSIONER: Well, we will go on tomorrow morning at ten a.m.

-- The Commission adjourned at 5 p.m., Monday, June 14th, 1948, to resume at 10 a.m., Tuesday, June 15th, 1948.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

FIFTY-FIRST DAY

(June 16th, 1936)

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

Hon. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary.

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.P. Lanctot, K.C., and R.L. Kellock, K.C.,	For Special Committee of Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cottons Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

[illegible] - [illegible] Company

[illegible] v. [illegible]

Consolidated.

A.W. Mulloney, Consultant.

A P P E A R A N C E S:

J.G. Meagher, K.C. and [illegible], K.C.	Consolidated Counsel.
J.P. Lamont, K.C., and R.L. Kellock, K.C.,	For Special Committee of Primary Metals Industries.
C.S. Maund, K.C. [illegible], K.C. and C.T. Bullen-Keane,	For Dominion Textile Co. and Montreal Cotton Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

Montreal, Quebec
Tuesday, June 16th,
1936

--The Commission resumed at 10 A.M.

ARTHUR OSBORNE DAWSON, recalled

EXAMINED BY MR. ROBLOCK:

Q. You are president of the Canadian Cottons, Ltd.? A. Right.

Q. And you have already given evidence before this Commission on a previous occasion? A. Yes sir.

Q. How long have you given consideration to the question of Japanese competition to the Canadian Textile industry? A. Well, I think the first time that I became particularly interested in it was in this matter of what is commonly called the Japanese menace when I visited England as Chairman of the Executive of the Canadian Chamber of Commerce representing the Canadian Chamber of Commerce of Canada at a meeting of the Chambers of Commerce of the Empire that met in London in July 1932. At that time this question of Japanese competition was a very live question and was discussed very freely at the conference. The English people were particularly alarmed because of the competition they were having and I recall being asked by textile men on more than one occasion how we were dealing with the matter in Canada and I assured them we were dealing with it in a very satisfactory way from our standpoint as there

was a value for duty purposes placed on Japanese imports of rayon and it seemed to me that the question of duties would not be effective because of the difference in wages paid in Japan and wages paid in Europe or America. I think that was a live question, and it is also about that time, as you will recall, a little before that, a meeting in London of the Chambers of the world conference. I think it was called the World Economic Conference. I took a note of it. It was held in London on June 12th and it was quite a live question at that time - all over the world indeed,- and I have a statement that appeared at that time or about that time in one of our Canadian papers that I would be glad to refer to.

Q. What was that? A. It was an article. It says "Japan at the Conference". It is an article taken from the Winnipeg Free Press dated June 15th, 1933, just prior to the conference that I attended in London and with your permission, my Lord, I shall be glad to read this. The article reads as follows:

> "In considering the prospects of the World Economic Conference, it is important to take a look at the situation in Japan. Because of Japan's weight in the world's commerce, Japanese policies will have to be taken into account in any plans laid at London. Unfortunately, these policies present a picture which is far from cheering.

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any plans laid at London. Unfortunately, these
policies present a picture which is far from
encouraging.

The Japanese yen, worth 50 cents at par, has been quoted on the foreign exchanges this week at around 29.5 cents. The Japanese Government is aiding industries by subsidies, special tariffs, state-guaranteed profits and e even exemption from income tax for four-year terms. Wage rates in some Japanese factories - cotton textile factories, for instance - are one-third of the prevailing British rates. A day's pay in a Japanese rayon mill, 40 cents for a male worker and 22 cents for a woman, equals an hour's pay in a British rayon mill. In short, Japan is a leading exponent, perhaps the chief exponent in the world, of the policies which have wrecked international trade.

Economic disarmament is the purpose of the statesmen from 66 nations who are assembled in London. The weapons thay have to suppress, if they can, are manipulation of currency, sweating of industrial workers, high tariffs and export bonuses of every kind. Japan is using all these weapons with extreme violence, perhaps more aggressively than any other nation. The role of Japan at the London Conference, though not much attention has been paid to it, may therefore be decisive. Japan at this Conference is

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like a nation at a disarmament conference which clings to poison gas, submarines and bombing planes.

A year ago in the United States there was an inquiry, instigated by Mr. Hoover, into the need for special customs duties to exclude goods from countries off the gold standard. At the hearings, held by the tariff commission in Washington, there were more complaints against Japan than against all other countries, together. American makers of electric bulbs and rubber shoes were particularly incensed about Japanese competition. The Japanese manufacturers, they said, had imitated American models exactly and were able to land their goods in the United States away below cost of production, thanks to unbelievably cheap labor, bonuses and the depreciation of the yen, which at that time stood at about 25 cents.

The problem of Japanese competition has lately arisen in acute form in India, which is Lancashire's main market for cotton cloth. Japanese exports of cotton piece goods have reached the remarkable figure of 200,000,000 yards a month. Abortive attempts to arrange a price-fixin

agreement between British and Japanese spinners were followed by an order of the Indian Government increasing by 50 per cent the duty on non-British cotton entering India. But Mr. J. H. Grey, chairman of the British Cotton Spinners' and Manufacturers' Association, says in an interview with the Manchester Guardian that 'this action was not brought about at the request of Lancashire but was the result of spontaneous efforts by the Indian mill-owners in their own interests.'

Mr. Grey's comment on the general problem of Japanese activity in the export field is of interest. 'The Japanese', he says, 'are undoubtedly pushing goods of all kinds in all world markets at prices which are arousing world-wide apprehension. They ought not to deceive themselves that this is simply a Lancashire, or even a British, view. Other European countries are quite as much concerned as we are. The view is held in some high foreign quarters that Japanese competition methods are a menace to the stability of western civilization.'

A special committee of the Federation of British Industries recently studied the technique and the effect of Japanese competition, and has submitted a report.

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A special committee of the Federation
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From this report come the already cited facts, about Japanese wage rates and the various kinds of subsidy given to industry by the Tokio Government. The F.B.I. committee accuses Japan of embarking on 'a reckless national sales policy' with 'disastrous results to British and other traders in various markets of the world.'

What will be the attitude of the Japanese delegation at the London Conference? Little or no information on this point has been given the world. The Kobe correspondent of the Manchester Guardian, after mentioning Japanese plans to engage in intensive competition with Britain in European and South American markets, adds: 'It is realized here that the yen exchange is the devisive factor, and it is believed that the Japanese delegation to the Economic Conference has been instructed to retain the present level of advantage at all costs.' The only way to put a hopeful face on this piece of news is to suppose, in the words of the Guardian's editorial comment, that Japan is in a mood of 'hysteria and belligerency' and that 'the mood may pass when she realizes that other countries are prepared to be equally nationalistic and belligerent.'"

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What will be the attitude of the Japanese delegation at the London Conference? Little or no information on this point has been given the world. The Lobe correspondent of the Commercial Intelligence, stating Japanese plans to engage in intensive competition with rivals in European and South Asia iron markets, adds: 'It is realized here that the yen exchange is the decisive factor, and it is believed that the Japanese delegation to the economic Conference has been instructed to retain the present level of advantage at all costs.' The only way to put a hopeful face on this piece of news is to suppose, in the words of the Guardian's editorial comment, that Japan is in a mood of 'hysteria and belligerency' and that 'the mood may pass when she realizes that other countries are prepared to be equally nationalistic and belligerent.'

EXHIBIT 457: Article from Winnipeg Free Press dated June 15th, 1933, entitled "Japan at the Conference".

THE COMMISSIONER: Towards the end of that article you referred to report - what report is that?

MR. KELLOCK: "A special committee of the Federation of British Industries recently studied the technique and theeffect of Japanese competition and has submitted a report," my Lord.

THE COMMISSIONER: Has anybody got that report?

THE WITNESS: I have not got it. Perhaps Mr. Berry might note that.

THE COMMISSIONER: Have you got that?

MR. WHITELEY: There is one, the Mission to the Far East - I do not know whether that is the one referred to or not.

MR. KELLOCK: Mr. Berry has it, my Lord. He will get it.

Q. Is there any action which was taken by you at that time in Canada? A. I think I might refer to a letter I wrote in that same year, early in the year, to the Honourable Mr. Bennett. I might say, my Lord, that I have in this correspondence somewhat mixed up cotton and rayon because they are both vital and perhaps if you will excuse that reference where cotton is referred to and also rayon. I have copy of the letter I wrote

to Mr. Bennett on January 18th, 1933, which reads as follows:

"Thinking that you might be interested therein, I am enclosing you a telegraph message received from New York this morning by Jenks, Gwynne and Co. which calls attention to the fact that the Lancashire Cotton Corporation, which is the largest combination of cotton mills in Lancashire, lost well on to £2,000,000 last year.

Does this not confirm the statement that I have so often made that English cotton goods are being sold in this market for less than the cost of production? How long these English mills can go on operating at a loss is a question that it is very difficult to answer.

I presume one reason that the English mills are operating at a loss is that they are trying to hold their own against the Japanese mills, which mills are, so it is said, paying their operatives only enough to give them food and shelter. With their low cost they are capturing a large part of the trade that formerly went to England.

In the years 1931-2 Japan exported 1,584,000,000 yards of cotton goods, as compared with 1,234,000,000 yards in the

to Mr. Kennett on January 18th, 1924, which reads as follows:

"Thanks that you might be interested therein, I am enclosing you a telegram received from New York this morning by Jenks, Gwynne and Co. which calls attention to the fact that the Canadian cotton corporation, which is the largest combination of cotton mills in Canada, last week on so-called lay-off.

Does this not confirm the statement that I have so often made that Canadian cotton goods are being sold in this market for less than the cost of production? How long these Canadian mills can go on operating at a loss is a question that it is very difficult to answer.

Japanese and Canadian cotton mills are operating at a loss in that they are trying to hold their own against the Japanese mills, which mills are, so it is said, paying their operatives only enough to give them food and shelter. With such low wages they are producing a large part of the trade that formerly went to Lancashire.

In the year 1923-24 there was 1,594,000,000 yards of cotton goods, as compared with 1,254,000,000 yards in the

year 1927-8. Now, for the season 1931 and 1932, Great Britain exported only 2,033,000,000 yards as compared with 3,978,000,000 yards in the corresponding period of 1927-8.

It must be rather discouraging for the English cotton manufacturers to find they are steadily losing their export trade and that Japan is capturing same. Under existing conditions we are losing our trade to England and England is losing her trade to Japan. Neither our English friends nor ours are feeling very happy over the outlook.

I thought possibly these figures that I am now giving you might be of interest to you."

EXHIBIT 458: Copy of a letter dated January 18th, 1933, by Mr. Dawson to the Hon. Mr. Bennett.

Q. How long has your company been making rayon goods? A. Well, we started to make these goods in about the year 1928. The reason was we were operating this large mill at Milltown, of which you have heard a good deal.

Q. That is your St. Croix mill? A. Yes, St. Croix mill at Milltown, N.B. and it was a very useful and popular cloth.

THE COMMISSIONER: Q. What cloth are you

year 1921-2. Now, see the figures 1921 and 1922, Great Britain exported only 4,048,000,000 yards as compared with 5,970,000,000 yards in the corresponding period of 1927-8.

It must be rather discouraging for the English cotton manufacturers to find they are steadily losing their export trade and that Japan is capturing same. Under existing conditions we are losing our trade to Ireland and Ireland is losing her trade to Japan. Neither our English friends nor ours are feeling very happy over the outlook.

I thought possibly these figures that I am now giving you might be of interest to you."

Exhibit 4:46: Copy of a letter dated January 1?1, 1929, by Mr. Newton to the Hon. Mr. Bennett.

Q. How long has your company been making rayon goods? A. Well, we started to make these goods in about the year 1928. The reason was we were operating this large mill at Milltown, of which you have heard a good deal.

Q. That is your St. Croix mill? A. Yes, St. Croix mill at Milltown, N.B. and it was a very useful and popular cloth.

talking off G. A. gingham. It was a gingham mill. Ginghams began to lose their flare with the ladies and prints began to come in chiefly because we handed that business inadvertently, against our wishes, to Mr. Gordon, who was running a print mill. We lost out to the prints. They developed a colour, a fast dye for prints that made prints much more popular perhaps than they had been. Anyway--

THE COMMISSIONER: Q. You are talking of cottons? A. Yes, and telling why we changed this mill over to a rayon mill. Our sales of dress ginghams dropped from 212,000 pieces in 1926 to 26,200 pieces in 1931. The result was, that we not wishing to stop that industry and the rayon being a new business, we decided that it would be worth while our developing a rayon business in Milltown. I covered that pretty well in a letter to Mr. Dunning dated April 6th, 1936, which I will read. I think Mr. McRuer has had a copy of this letter but perhaps I had better read it:

> "As I expect to appear before the Turgeon Commission within the next few days to appeal for early action tending to restrict the importation into Canada of Japanese Rayons and Cotton goods, I think I should furnish you with a brief outline of what I intend to say on that occasion.

[illegible] . I imagine. It was a giantess mill. Giantess began to lose hair fires with the ladies and prices began to come in nearly [illegible] so needed that business inadvertently, against our wishes, to Mr. Gordon, who was running a print mill. He lost out to two parts. They developed a colour, a fast dye for prints that made prints much more popular perhaps than they had been. Yours,--

[illegible] : . Do you [illegible] customs? A. Yes, and telling why we changed this mill over to a rayon mill. Our sales of dress giantess dropped from 213,000 pieces in 1926 to 26,200 pieces in 1931. The result was, that we not wanting to stop that industry and the rayon being a new business, we decided that it would be worth while our developing a rayon business in Millstown. I covered that pretty well in a letter to Mr. Turning dated April 6th, 1932, which I will read. I think Mr. Bonner has had a copy of this letter but perhaps I had better read it:

"As I stated to you when [illegible]

Turgeon Commission within the next few days to report for early action touching the readjustment [illegible] specifically with the [illegible] and cotton goods, I think I should furnish you with a brief outline of what I intend to say on that occasion.

The particular Mill owned by this Company making Rayon cloths is located at Milltown, N.B., on the St Croix River running between Maine and New Brunswick. This Mill was built by American capitalists in 1881 and they operated same until 1904. In that year the control passed to the Canadian Coloured Cotton Mills Co. Limited. In 1910 this Company was re-organized and the name was changed to Canadian Cottons Limited.

For some twenty-five years this plant produced fine cotton goods, chiefly Dress Ginghams. About the year 1925 the demand for Dress Ginghams began to slacken due to the increased popularity of printed goods. This new competition forced a number of United States Gingham Mills out of existence. Financially speaking, it would have paid this Company to have closed the St. Croix Mill, transferring to some of their other Mills such machinery as could be made useof in the manufacturing of other lines of Cotton goods. However, because we have a large number of intelligent and worthy people working for us in Milltown, many of them owning their own homes, and to them the closing of that Mill would mean a major disaster, and also as New Brunswick can ill

The particular mill owned by this company by making buyers cloths is located at Milltown, N.B., on the St. Croix River running between Maine and New Brunswick. This mill was built by American capitalists in 1881 and they operated same until 1904. In that year the control passed to the Canadian National Textile Company. In 1910 this company was re-organized and the name was changed to Canadian Cottons Limited. For some twenty-five years this plant produced fine cotton goods, chiefly dress ginghams. About the year 1925 the demand for dress ginghams began to slacken due to the increased popularity of printed goods. This new competition forced a number of United States ginghams mills out of business. Financially speaking, it would have paid this company to have closed the St. Croix Mill, transferring to some of their other Mills the machinery, as well as that employed by the manufacturing of other lines of cotton goods. However, there is we have a large number of intelligent and worthy people working for us in Milltown, many of them owning their own homes, and to them the closing of that mill would mean a major disaster, and also as New Brunswick can ill

afford to lose any more of its industries we considered ways and means of keeping the Milltown plant in operation.

As the Rayon industry was just coming to the fore we decided to equip that particular Mill for the making of these goods. For this purpose we spent in excess of three-quarters of a million dollars, bringing our total investment in Milltown, N.B., to over four million dollars. Of course, a great deal of experimenting had to be done because, the Rayon industry being new, very few people knew anything about it. This has meant that we have been operating in red figures at that particular mill for seven or eight years. Our total loss in that time, before appropriating anything for Bond Interest or Depreciation, amounted to over $600,000. This year, for the first time since we started making Rayons, it looked as if we would be able to at least cover Mill expenses. It is exceedingly disappointing, therefore, that just as we were about to "turn the corner" Japanese Rayons have started to pour into Canada. If after having made herculean efforts to keep this particular Mill operating we finally have to close it down it will mean not only a very heavy loss to our

effort to I do any more of its industries we considered ways and means of keeping the Milltown plant in operation.

5 As the Aqua Ionizing was just coming to the fore we decided to equip that particular Mill for the making of these goods. For this purpose we put in excess of two-

10 hundred of a million dollars, original our total investment is millions. I ... four million dollars. Of course, a great deal of experimenting had to be done because, the Aqua industry being new, very few people

15 knew anything about it. This has meant that we have been operating in red figures at that particular mill for seven or eight years. Our total loss in that time, before appropriating anything for good interest or depreciation, amounted to over 400,000.

20 This year, for the first time since we started making Aqua, it looked as if we would be able to at least cover mill expenses. It ... that yes, as we were about to "turn the corner" Lumsden Aqua has started to pour into Canada. If after having made herculean efforts to keep this particular mill operat-

25 ing we finally were to close it down it will mean not only a very heavy loss to our

Shareholders, but, sadder still, it will mean that many of our employees will have to leave their homes and Milltown willbecome a deserted village. Doubtless, too, some of our employes will have to go on public relief because, as you are aware, new jobs are not easy to find.

At the present time we have about 540 men and women working in our St. Croix Mill. Had we been permitted to develop this business normally I am quite sure that in the course of time we would be able to give employment to 700 or even 800 operatives. Of course, the Japanese situation has destroyed all our hopes in that direction. However, I trust that this condition of things is but temporary and that the importation of Japanese goods may be restricted by Governmental regulations to such an extent as to enable us to continue operating our Milltown plant."

EXHIBIT 459: Copy of letter dated April 6th, 1936, to the Hon. Chas. A. Dunning from Mr. Dawson.

Q. Have you a statement showing the situation at the Milltown mill as you have outlined in that letter? A. You mean the financial statement?

Q. Yes, if you have a statement showing the situation at the Milltown mill as set out in that letter to Mr. Dunning? A. I have a

Government, but, unless profits, it would mean that many of our employees will have to leave their homes and Milltown would become a deserted village. Sometimes, too, some of our employees will come to us with quite different issues, as you are aware, new jobs are not easy to find.

At the present time we have about 540 men and women working in our mill. Prior mill. Had we been permitted to develop this business normally I am quite sure that in the course of time we would be able to give employment to 700 or even 800 operatives. Of course, the economic situation has destroyed all our hopes in that direction. However, I think that this condition of things is but temporary and that the importation of Japanese goods may be restricted by governmental regulations to such an extent as to enable us to continue our mill operations.

MR. [illegible]: Copy of letter from Milltown Mill, Ltd., to the Hon. [illegible], K.C., concerning Japanese Lumber.

Q. Have you a statement showing the situation at the Milltown Mill as you have outlined in your letter?

A. You mean the financial statement?

Q. Yes, if you have a statement showing the situation at the Milltown Mill as set out in that letter?

A. I have a

statement. This statement - I think there are one or two small corrections I am having made. I think, for instance, this $10,000 in 1935 instead of being deducted has been added to it. However, this is practically correct. This statement shows that in 1928 - that is, when we were making ginghams that mill showed a mill profit of $261,868. Next year we showed a loss of roughly $48,000. In 1930 we showed a loss roughly of $70,000. In 1931 we showed a loss roughly of $145,000. In 1932 we showed a loss roughly of $147,000. In 1933 showed a profit of $15,000. In 1934 showed a profit of $143,000. In 1935, red figures again of $10,000 due, I imagine, to the fact that some of the goods made had been taken in at cost in 1934 and that at a later date sold at a loss, and then in 1936, that is last year, we show a loss of $88,000. That is due, that last loss because we revised our inventory figures after the announcement was made about Japanese rayons and the changes in the duties on British goods.

MR. McRUER: Q. After this Royal Commission was sitting? A. Yes.

Q. Can you give us a statement of what it could show before you revised your inventory? A. Yes, I am having that made up. I think it shows on the black anyway, and then werevised it to

statement. This statement - I think there are one or two small corrections I am having made. I will, for instance, bring $10,000 in less when my office director has corrected it. However, there is practically correct. This statement shows that in 1915 - that is, when we were making figures that will exceed a full profit of $[illegible]. [illegible] we [illegible] a loss of $[illegible]. In 1909 we showed a loss roughly of $70,000. In 1911 we showed a loss roughly of $145,000. In 1912 we showed a loss roughly of $147,000. In 1913 showed a profit of $[illegible]. In 1914 showed a profit of $140,000. In 1915, and figures again of $10,000 due. I imagine, so the fact that some of the goods made had been taken in at cost in 1914 and that at a later date gold gave loss, and then in 1916, that is last year, we show a loss of $83,000. Just as due, that last loss been so we revised our inventory figures after the announcement was made about Japanese revenue and the changes in the duties on British goods.

Mr. McGibbon: Q. After this royal commission on [illegible] -- Yes.

Q. Can you give us a statement of what it will show before you revised your inventory?

A. Yes, I am having that made up. I think it shows on the black anyway, and then we revised it to

$88,000.

MR. KELLOCK: Q. Why did you say you revised the inventory in that year? A. This last year because we made an arbitrary reduction because we realized we would have to sell - the goods were accumulating, we would have to sell them at lower prices. We realized we could not continue making them and stock we had in process we would have to sell at a reduction and therefore we revised our inventory figures, which brought us into thered.

Q. What was your experience at that mill prior to 1928 when you were manufacturing ginghams was it a profitable situaton or not? A. Well, I can go back further. There is 1926 and 1927. Now, 1926 showed a mill profit of $269,089. In 1927 showed aprofit of $306,000, and in 1928 a mill profit of $261,000, so that we were not doing too badly under the old conditions which, of course, was all changed when we had to turn over to rayons for the reason indicated. As I say, we thought we were getting to the end of our troubles, that mill, when this Japanese situation came up. I might say it is not only the Hapanese competition that produced this result. It is the reduction on the duty on British goods because that is part rayon and part cotton goods which has seriously affected our production too.

150,000.

Mr. KNOWLTON: Q. Why did you say you reduced the inventory in that year? A. This last year because we made an sanitary reduction once a we realized we would have to sell - the goods were accumulating, we would have to sell them at lower prices. So realized we could not continue making them and stock we had in process so would have to sell at a reduction and therefore we reduced our inventory figures, which brought us into thered.

Q. What was your experience at that mill prior to 1928 when you were manufacturing rayons was it a profitable situation or not? A. Well, I can go back further. The 4 in 1926 and 1927, Mrs. 1926 showed a mill profit of $209,089. In 1927 showed profit of $265,000, and in 1928 a mill profit of $221,000, so that we were not doing too badly under the old conditions which, of course, was all changed when we had to turn over to rayons for the reason indicated. As I say, we thought we were getting to the end of our troubles, that will, when this Japanese situation come up. I might say it is not only the Japanese competition that produced this result. It is the reduction on the duty on British goods because that is most rayon and cost matter goods which are primarily affected by competition (?).

THE COMMISSIONER: Q. Which reduction on British goods do you refer to - this last one? A. Yes, this last duty, my Lord, change in the last budget brought down May 1st, was it. I think I covered that by a letter too that I addressed to Mr. Dunning, which I will be glad to read.

MR. KELLOCK: Q. Is that one of the things that you have taken into consideration in re-writing the inventory? A. Yes.

Q. I notice for the years 1929 to 1932, inclusive, you show a mill loss during those years. What was the reason for that? You say you changed over from ginghams to rayons when? A. Well, we started in 1928 and gradually increased. Of course, as I stated in my letter to Mr. Dunning, it is a new business, we had a great many things to unlearn, so many things our employees had to unlearn. Take cotton operatives and change them to rayon it would mean probably you would do better if you took a girl fresh from school and not have them to unlearn anything. We were quite prepared to pay the price. We knew we would be in red figures during these years but looking to the future we believed that we could overcome that difficulty and we could make that a profitable unit again.

Q. Then in those years you were changing over and learning the business? A. Yes.

Mr. McNeill (cont.): 4. Union reduction on
auction goods to you prior to - that last cost
5. Yes, this last duty, my lord, perhaps in the
last budget brought down my last, was it. I
think I answered that by a letter too that I
addressed to Mr. Dunning, which I will be glad to
read.

Mr. Hanson: 6. Is that one of the things
that you have taken into consideration in re-
welting the investigation? A. Yes.

Q. I notice for the years less to look,
inclusive, you show a mill loss during those
years. What was the reason for that? You say
you started was first elements to run one month.
A. Well, [illegible]
dressed. Of course, as I stated in my letter to
Mr. Dunning, it is a new business, we had a great
many things to unlearn, so many things our
employees had to unlearn. The action operatives
had change them to reason it would look probably
you could do better if you took a deal from
from manual and put some them to unlearn supplying.
We were quite prepared to pay the price. We
knew we would be in red figures during these
years but looking to the future we believed that
we could overcome that difficulty and we could
make that a profitable unit again.

Q. Then in those years you were changing
over and learning the business? A. Yes.

Q. What is the situation with regard to that mill? Is it an economical unit in your view of your industry? A. Well, I look upon it as one of the most hopeful plants we had in that we have a splendid class of operatives there. We have one of the finest water powers in Canada on the St. Croix River and we not only produce our own power but we sell power. Wemake about $50,000 a year profit on the power we sell. So that all things being equal I seeno reason why that mill should not be made a profitable unit again. As I think I have said before, it is an exceedingly important thing for New Brunswick because our organization is the only concern that is operating textile plants in that Province and the whole valley there is moreor less dependent on this particular mill.

THE COMMISSIONER: Q. How many people do you employ? A. I think that letter says--

MR. KELLOCK: 540.

MR. McRUER: Q. Have you deposited those payrolls? A. They are in our office.

Q. We have not them here. Could you have them brought over here for the St. Croix Mill? A. Yes.

Q. Have the payrolls brought over?

A. Perhaps I ought to explain that those payrolls don't go back very far because unfortunately we had a paymaster in that mill who we found was

Q. Does it be otherwise expressed as that will? Is it an economic unit in your view of your industry? A. Well, I look up n it as one of the most important plants we had in that we have a splendid class of people and to have one of the finest water powers in Canada on the St. Croix River and we not only produce our own power but we sell power. Powers about 300,000 a year profit on the power we sell. So that all things being equal I see no reason why that will change and not be made a profitable unit again. As I think I have said before, it is an exceedingly important thing for New Brunswick because our organization is the only co-ops that is operating textile plants in that province and the whole valley there is morror less dependent on this particular mill.

MR. DONALD MACK: Q. Not many people do you employ? A. I think that lacked says--

Q. Employing --

Q. Employing -- Have you thousands employed? A. They are in our office.

Q. We have met them here. Could you move them brought over here for the St. Croix Mill? A. Yes.

Q. Have the people agreed yet?

A. Perhaps I ought to explain that those payrolls don't go back very far back as unfortunately so many payrolls in Saint John in fact the

falsifying the payroll and he had the payroll, all the pay sheets that we could not examine them, had them burned but all that we have available are there of recent years. That is the only mill, theother mills are all right but that unfortunately--

XHIBIT 460: Statement re St. Croix Mill.

MR. KELLOCK: Q. I notice that in your letter to Mr. Dunning, Exhibit 459, in speaking about the situation at the Milltown mill you say that the situation is disappointing when you were about to turn the corner, as you anticipated, because Japanes rayons have started to pour into Canada. Would you tell his Lordship the information that you had at that time and the sources on that situation? A. Well, I presume that statement of that kind would be more or less exaggerated because we were depending on the reports coming in from our salesmen and from our branches in Vancouver and Winnipeg and Toronto.

Q. Were you getting reports from those various places? A. Yes, they were stating that they were not able to make sales, certainly not in any volume because of the fact that Japanese rayons were so much cheaper, that they could import them so much cheaper that orders with us would be nil. I have a letter I am going to ask the privilege of being able to read. I

falsifying the payroll and so bad the payroll, all the pay sheets that we could not examine them, had been burned but all that we have available are those of recent years. That is the only skill, however this are all right but that only tentatively--

MR. [illegible]: Statement re L. Frank Hill.

Q. [illegible] I notice that in your letter to [illegible], Sunday Sun, in speaking about an attention at the Million Mail you say that the situation is also volunteering when you were about to turn the corner, so you anticipated. Does the fraud report have started to come into Canada. Could you tell his lordship the information that you had at that time and the sources on that situation?

A. Well, I presume that statement of that kind could be more or less exaggerated because we were reporting on the reports coming in from our salesmen and from our branches in Vancouver and Winnipeg and Toronto.

Q. Were you getting reports from those various places? A. Yes, they were stating that they were not able to make sales, certainly not in any volume because of the fact that Japanese racism were so much cheaper, that they could [illegible] [illegible] [illegible] to ask the privilege of being able to read.

would like the privilege of retiring after reading to attend an important meeting at the Bank shortly after eleven o'clock. Mr. Boyd is here and he could submit, when I am out, samples of those ragons that I refer to.

Q. Well then, you say it was your own reports from your own salesmen and agents coming to you at that time? A. Yes.

Q. Did you have occasion of calling the matter of Japanese competition to the attention of the authorities prior to your letter to Mr. Dunning that you have just read? A. When the former government was in power as soon as we learned that the Japanese were stating that they would cease to buy or import goods from Canada if these restrictions were not removed, we became fearful naturally and I addressed a couple of letters to the Minister of Trade and Commerce of the day, the Hon. Mr. Hanson, that I would be glad to submit.

Q. What is the date? A. One letter I referred to is written June 4th, 1935, which reads as follows:

"I have pleasure in acknowledging receipt of your letter of the 3rd instant.

I am sure that when you find time to read those articles that I sent you in regard to the Japanese menace that you will be much interested in them."

many like the business of selling silks
and ribbons on important occasions of the most
nearly after eleven o'clock. Mr. Ford in view
can be said about, was a man who, despite of
those troubles that I refer to.

Q. Well then, you say it was your impression
from your own experience and knowledge of the
best time? A. Yes.

Q. Did you have occasion or meeting the
matter of Japanese concentration in the exclusion of
the Japanese problem in Great Britain or in
Canada that you have just spoken? A. Upon
the Chinese referendum and in point is such as we
learned that the Japanese were stating that they
would cease to buy or import goods from Canada
if these restrictions were not removed, we became
seriously naturally and I addressed a couple of
letters to the Minister of Trade and Commerce of
the day, the Hon. Mr. Ahearn, that I felt
glad to submit.

Q. Read to the Court. A. The letter
I referred to is written June 6th, 1923, which
reads as follows:

"I have pleasure in acknowledging receipt
of your letter of the 3rd instant.

I am sure that when you find time to
read these articles that I sent you in regard
to the Japanese menace that you will be much
interested in them."

Now, unfortunately, I did not keep track of what all these reports were. They were simply sent. I follow it up by saying:

"I am now able to send you a sample of an actual Japanese cloth that is being sold freely in this market. This cloth is 30" wide and is put up in twenty yard pieces. In the Fall of 1932, when the Japanese government went off the gold standard, the price of this cloth was $1.59 per twenty yard piece, delivered in Vancouver. In the Fall of 1934 it went down to $1.51 per piece, and in the Spring of 1935 it was reduced to $1.45, so that you will see that instead of the price going up when the reduction in the value of the yen occurred it actually went down from $1.59 to $1.45."

The reason I stated that was because we were told that the Japanese said that their prices would go up because they would have to go up because as the yen went down the cost of living would increase in Japan and therefore they would have to increase their prices.

THE COMMISSIONER: Q. That means larger home prices?

A. Yes. Evidently, so far as the quotations in Canada were concerned, instead of going up they went down.

"I am satisfied that the same condition

Mr. unfortunately, I did not keep track of what all the people were. They were simply said. I follow it up by saying:

"I am now able to send you a sample of an equal dress cloth that is being sold freely in this market. This cloth is 30" wide and is put up in twenty yard pieces. In the fall of 1934, when the Japanese government went off the gold standard, the price of this cloth was $1.59 per twenty yard piece, delivered in Vancouver. In the fall of 1934 it went down to $1.51 per piece, and in the spring of 1935 it was reduced to $1.45, so that you will see the effect of the price going up when the reduction in the value of the yen occurred it actually went down from $1.59 to $1.45."

The reason I stated that was because we were told that the Japanese said that their prices would go up because they would have to go up because as the yen went down the cost of living would increase in Japan and therefore they would have to increase their prices.

Q. Yes. Evidently, so far as the quotations in Canada were concerned, instead of going up they went down.

"I am assured that the same condition

of affairs prevails in any textiles that are being offered in this market by the Japanese. I will appreciate it if you will retain this cloth in case it should be needed for further reference.

The more that I look into this Japanese situation the more I am convinced that it would be fatal to the Textile Mills of Canada if the way is made any easier for the Japanese to sell their products in this market."

EXHIBIT 461: Copy of a letter dated June 4th, 1935, to the Hon. R. B. Hanson Minister of Trade and Commerce from Mr. Dawson.

THE WITNESS: I wrote Mr. Hanson again on June 13th, 1935:

"Dear Mr. Hanson,

I was pleased to receive your letter of the 5th instant acknowledging the recipt of my letter of June 4th, together with the sample of Japanese cloth that I sent you at that time.

Since the date named I have received through a friend a copy of the April 1st issue of "Commercial Osaka", which is a Japanese newspaper. There is quite a remarkable article in that publication entitled "What makes Japanese Cotton Industry Dominate Over the World?" There are some very frank statements in this

of orders prevails in my textile [illegible] are being carried in this regard by the [illegible]. I will appreciate it if you will return this cloth in case it should be needed for further [illegible].

The more that I look into this [illegible] attitude the more I am convinced that it would be fatal to the textile mills of Canada if the way is made any easier for the Japanese to sell their products in this market."

[illegible]: Copy of a letter dated June 4th, 1938, to Mr. R. B. Hanson from Mr. [illegible]

[illegible]: I wrote Mr. [illegible] on June 1 th, 1938:

"Dear Mr. Hanson,

I was pleased to receive your letter of the 6th instant acknowledging the receipt of my letter of June 4th, together with the sample of cap duck cloth that I sent you at that time.

Since the date noted I have received through a friend a copy of the April 1st issue of "[illegible]", [illegible] in [illegible] paper. There is quite a remarkable article in that publication entitled "[illegible] Cotton Industry Dominate over the World" There are some very frank statements in this

article and there are some admissions therein that I hardly expected our Japanese friends would make. I am enclosing you an extract taken from this publication which I am sure you will read with interest.

You will notice that the writer of the article in question admits that the daily wage of the female cotton mill operatives is about 15¢, and that male workers are paid about 25¢ per day. They also seem to have a clever way of preventing any of their workers growing old in the service which would necessitate paying them a higher wage. The work in these Japanese cotton mills seems to be done largely by young girls drawing the minimum wage - in fact, they seem to work under a system that is pretty nearly akin to slavery.

After reading this article I think you will agree with me that it would be fatal to the textile industry of Canada if it is made easier, even to a small degree, for Japanese cotton mills to sell their products in Canada. As I stated in one of my earlier letters, largely because of British competition we are only able to operate our mills at the present time from three to four days per week, and therefore it is quite clear that if we have to reduce our production further still because of

Season
article and there are some statistics therein
that I hardly expected our Japanese friends
would make. I am enclosing you an extract taken
from that publication which I do hope you will
read with interest.

You will notice that the writer of the
article in question admits that the daily wage
of the female cotton mill operatives is about 1½d
and that male workers are paid about 3½d per
day. They also seem to have a clever way of
recovering any of their workers growing old in
the service which would necessitate paying them
a higher wage. The work in these Japanese cotton
mills seems to be done largely by young girls
drawing the minimum wage - in fact, they seem to
work under a system that is pretty nearly akin
to slavery.

After reading this article I think you will
agree with me that it would be useless to the
textile industry of Canada if it is made
easier, even to a small degree, for Japanese
cotton mills to sell their products in Canada.
As I stated in one of my earlier letters,
largely because of British competition we are
only able to operate our mills at the present
time from three to four days per week, and
therefore it is quite clear that if we have to
reduce our production further still because of

Japanese competition our workers will be drawing starvation wages and the industry itself will be in extreme danger of annihilation.

I understand that it has been suggested that goods shipped into Canada from countries with depreciated currency should be valued for duty purposes at not less than similar goods of a class or kind produced in Great Britain. This might solve the difficulty temporarily, but frankly, I am convinced that it would lead to further dissatisfaction later on, as I cannot possibly see how the Customs Department could ever get at the proper value of such goods for duty purposes.

In the first place, there are many lines of Japanese goods that are not duplicated in England, and where goods of a somewhat similar nature are produced in England how in the world could the Appraisers ever get at a comparable value for such goods? There is no one in the Department expert enough to compare the one with the other, and in most cases it would take weeks, if not months, to find out what goods similar to the Japanese goods could be produced at in British mills. The importer too would be up in arms because he would never know just what value was going to be put on the Japanese goods that he purchased, and the goods that were shipped him might be held for

months while the Department was trying to put a value for duty purposes thereon.

Of course I know how difficult the situation is for the Government, but taking a long view of the situation I am satisfied that the resent method of handling Japanese imports is the wisest and best for all concerned.

I would like to again say how much I appreciate the time that you are giving to the consideration of this Japanese menace, which is of great concern to all the textile mills.

P.S. While we are providing a Pension and Insurance Scheme for our workers, in addition to what the Government is planning to do in this direction, the Japanese Cotton Mills, according to their own confession, eliminate all old and better paid employees, so as to keep their costs down to a minimum.

EXHIBIT 462: Letter dated June 13th, 1935, to Hon. R. B. Hanson, Minister of Trade & Commerce, from Mr. Dawson.

Now, I have a copy of that extract from the "Commercial Osaka" that I referred to in my letter to Mr. Hanson.

MR. KELLOCK: Perhaps that might be attached to that Exhibit 462.

(Page 7060 follows)

"Extract from 'Commercial Osaka'

April 1st, 1935.

"In England there exist a federation of local spinners' associations and a trade union of spinners and weavers' associations. These two organizations are influential, but have no power to enforce the resolutions. A resolution, which has been passed by theFederation, cannot be enforced unless endorsed by all the member associations. In Japan, 61 companies out of 69 are the members of the Japan Spinners' Association. Their spindles representing 98% of the total. This Association, always seeing into the conditions of market, demand and supply, does not fail to conduct productive control most appropriately. Any resolution it has passed is immediately carried into effect throughout the country. That the Association is authorized to exercise immense power of controlling is responsible for the present prosperity of Japan's cotton industry.

Most recently,as the result of production rationalization, the cost of production has been extremely lowered. It is, after all, a question of labour economization. As indicated in the following table, the number of mill hands required to look after 10,000 spindles in June, 1929, was 61 males and 218.9 females, their daily wages averaging Y1,606 and Y1,209 respectively per hand,

"Extract from 'Commercial Japan'

April 1st, 1930.

"Japan has three exist a federation of local spinners' associations and a trade union of spinners and weavers' annual tiers. These two organizations are influential, but have no power to enforce the resolutions. A resolution, which has been passed by the federation, cannot be enforced unless endorsed by all the member associations. In fact, 31 companies out of 92 are the members of the Japan Spinners' Association. Their spindles representing 80% of the total. This association, always moving into the conditions of market, demand and supply, does not fail to conduct productive control most appropriately. Any resolution it has passed is immediately carried into effect throughout the country. That the association is authorized to exercise immense power of controlling is responsible for the present prosperity of Japan's cotton industry.

Most recently, as the result of production rationalization, the cost of production has been extremely lowered. It is, after all, a question of labour economization. As indicated in the following table, the number of mill hands required to look after 10,000 spindles in June, 1930, was 31 males and 216.9 females, their daily wages averaging Y1,808 and Y1,209 respectively per head,

but in December, 1933, these figures delcined to 27.1 males and 162 females, and their respective wages also decreased to Y1.37 and Y0.778 per hand.

1929	Male operative: No. of oper. per 10,000 spnd.	Male operative: Average Daily Wage,	Female operative: No. of oper. per 10,000 spnd.
June	61.2	Y1.606	218.9
Dec.	56.2	1.592	206.0
1930 June,	53.2	1.533	188.9
Dec.	44.8	1.463	167.4
1931 June,	40.8	1.430	168.6
Dec.	37.3	1.401	169.0
1932 June,	33.8	1.374	170.8
Dec.	31.9	1,369	164.1
1933 June,	28.7	1.363	166.8
Dec.	27.1	1.370	162.2

	Average daily wage.	Daily wage for 10,000 spindles	Average Count	Per spin. output
1929 June,	Y1.209	362.93	24.1	86.4 mommo
Dec.	1.138	323.90	23.0	78.6 "
1930 June,	1.064	182.55	24.0	74.8 "
Dec.	0.986	230.58	23.8	76.5 "
1931 June,	0.930	215.14	24.3	75.5 "
Dec.	0.884	201.65	23.8	81.2 "
1932 June,	0.824	187.18	24.3	80.8 "
Dec.	0.796	174.29	25.0	81.7 "
1933 June,	0.739	169.06	24.9	80.4 "
Dec.	0.778	163.32	25.2	80.4 "

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"While the wages lessened like this, there has taken place an increase in the operatives' efficiency. The fact that the per-spindle yarn out put, which was 86.4 momme on an averge in June 1929, is now 80.4 momme, may seem to show a decrease in output. But such a decrease is due to two factors, one that the average count of yarn (the lower is the count, the more is the per-count yarn output) is now lower by 1 count, and the other that, about the time mentioned above, the working hours per day were more by 5 hours than now on account of midnight operation being continued. Gathering from these circumstances, we see that the output, far from being decreased, is markedly multiplied.

In other words, the output is in inverse proportion to the number of operatives. It is Japan's mighty weapon that wages, which primarily occupy about half of the cost of spinning, are in a very low level. The above-mentioned matters are compared with those in England and America as follows.

	Average wage for 1 week	1 week output by 1,000 spindles.	wage for 1 bale	Ratio of wages for 1 bale.
America	Y35.00	2.4 bales	Y49.60	376%
England	18.00	2.3 "	31.40	338%
Japan	5.80	2.7 "	13.20	100%

This table is based on the wages needed in each

While the wages issued like this, there has taken place an increase in the productivity efficiency. The fact that the per-spindle year out put, which was 38.4 bales on an average in June 1920, is now 86.4 bales, may seem to show a decrease in output. But such a decrease is due to two factors, one that the average count of yarn (the lower is the count, the more is the per-count yarn output) is now lower by 1 count, and the other that, owing the time mentioned above, the working hours per day were more by 5 hours than now on account of night operation being continued. Striking from these circumstances, we see that the output, far from being decreased, is markedly multiplied.

In other words, the output is in inverse proportion to the number of operatives. It is [illegible] which primarily occupy about half of the cost of spinning, are in a very low level. The above-mentioned matters are compared with those in England and America as follows.

Average wage for 1 week	1 week output by 1,000 spindles.	wage for 1 bale	Ratio of wages for 1 bale.
[illegible] 768.00	2.4 bales	320.00	8700%
[illegible] 10.00	2.3 "	31.40	388%
[illegible]	2.7 "	15.00	100%

country for turning out one bale of 40s yarn. The par in each country being made the standard of exchange rate, there is some disparity in the actual rate at present.

Weekly wages per head to be paid for spinning 40s yarn are, in Japanese money, Y18 in England, Y35 in America and Y5.80 in Japan. Those per 1,000 spindles are, in Japanese money, Y119 in America, Y72 in England and only Y35.50 in Japan, and the outturn of yarn by the operation of 1,000 spindles a week is 2.4 bales in America, 2.3 bales in England and 2.7 bales in Japan. As regards wages for turning out one bale, they are, in Japanese money, Y13.20 in Japan, the index number calculated on the basis of 100 for Japan, being 376 for America and 238 for England.

From the aforesaid weekly wages per mill hand in the three countries, wages of Japanese operatives may seem to be unreasonably low, but such lowness of wages is because most of the Japanese spinning mills have many unmarried girls in employ.

		Men		Women		Total	
Department	Country	No. of workmen	Percentage	No. of workmen	%	No. of workmen	%
Spinning,	England,	71,257	39.1%	110,916	60.9%	182,173	100%
	Japan,	19,285	14.7%	112.034	85.3%	131,319	100%
Weaving	England	58,148	31.6%	125,695	68.4%	183,842	100%
	Japan,	5,400	15.4%	29,758	84.6%	35,158	100%
Total	England,	129,405	35.4%	236,611	64.6%	366,015	100%
	Japan,	24,685	14.8%	141,792	85.2%	166,477	100%

country for turning out one [illegible] of sun yarn. The par in each country being made the standard of exchange rate, there is some disparity in the actual wage at present.

Weekly wages are said to be paid for spinning six yard sun, in Japanese money, Y[illegible] in England, Y[illegible] in America and Y[illegible].80 in Japan. Hence per 1,000 spindles run, in Japanese money, Y110 in America, Y[illegible] in England and only Y[illegible].40 in Japan, for the pattern of yarn by the [illegible] of 1,000 spindles a week is 8.4 baler in America, 2.5 bales in England and 8.7 bales in Japan. [illegible] for turning out one bale, [illegible], in Japanese money, Y15.[illegible] in America the index number calculated on the basis of 100 for Japan, being 272 for America and 288 for England.

From the aforesaid weekly wages per mill hand in the three countries, wages of Japanese operatives may seem to be unreasonably low, but such lowness of wages is because most of the Japanese spinning mills have very [illegible] girls in employ.

Country	Number of spindles	Number of hands	Number of hands per 1,000 spindles	Index number	Index number
England,	[illegible]	[illegible]	[illegible]	[illegible]	100
Japan,	[illegible]	[illegible]	[illegible]	[illegible]	100
America,	[illegible]	[illegible]	[illegible]	[illegible]	100
Total	[illegible]	[illegible]	[illegible]	[illegible]	100

"Female operatives not merely are lower in wages than the male, but also give place to the new, with their marriageable age as the period. This is the reason why Japan's cotton spinning companies are always exempt from paying high wages. It also means that the femal operatives of the age when their efficiency is highest are at constant work according to the renewing principles. In this shifting stage, indeed, lies a delicacy. In England there are comparatively many male operatives (occupying some 35% of the total number of operatives against 15% in Japan). English operatives are, for the most part, engaged in the same work for generations, and high wages have to be paid to old and consequently less efficient male operatives. Hence, wages in England are naturally higher than the level in Japan. While it is wellnigh impossible in England to eliminate labour disputes for various reasons, there is at present no fear of such trouble in Japan. Another cause of low wages in this country is that the cost of living is far lower than that in England and America.

Weekly wages per operative, which are, in Japanese money, Y35 in America, and Y18 in England, or only 51% of the former. But an English operative is neither furnished with half the means of living which an American obtains,

in wages than the male, but also give place to the new, with their requirements are as the person. This is the reason why Japan's cotton spinning companies are always sought from girls with wages. It also seems that the real operatives of the age when their efficiency is highest are at convert are according to the renewing principles. In this spinning usage, labour, like a delicacy. In England where are comparatively many male operatives (company, some 80% of the total number of operatives against 1/4 in Japan). English operatives are, for the most part, engaged in the same work for generations, and high wages have to be paid to old and consequently less efficient male operatives. Hence, wages in England are naturally higher than the level in Japan. While it is well-nigh impossible in England to eliminate labour disputes for various reasons, there is at present no fear of such trouble in Japan. Another cause of low wages in this country is that the cost of living is far lower than that in England and America.

[illegible] per operative, [illegible] in [illegible], and [illegible] in England, or only 31% of the former. But as English operative is neither furnished with [illegible]

nor leading a more unhappy life than the latter. Just like this, a Japanese operative who earns only one-third of wages of an English operative does not fall behind the latter in the means of living as well as in the standard of living.

Santiary equipment in Japanese spinning and weaving mills is literally complete. Greatest attention is paid to the living of unmarried girl operatives, who are mostly made to live in dormitories attached to the respective mills. For their future life as wives, they are educated properly in spare moments from their duty. There is nothing left to be desired in facilities of this kind, and no wonder that Baron Francis W.W. Barnby, who visited Japan last year heading the British Industrial Mission, was moved with admiration at the completeness of facilities and equipments in spinning Mills in Japan."

MR. KELLOCK: That might be made part of Exhibit 462, my lord.

THE COMMISSIONER: Yes, it can be attached to Exhibit 488.

BY MR. KELLOCK: Q. Dr. Dawson, prior to your letter to Mr. Dunning, Exhibit 459, had you had correspondence with the present Government on this subject? A. Yes, I think I have some correspondence here, Mr. Kellock.

not leading a more wanderer life than the latter. That like Brie, a Japanese operative who earns only one-third of wages of an English operative does not that behind the latter in the means of living as well as in the standard of living.

Sanitary equipment in Japanese spinning and weaving mills is literally complete. Greatest attention is paid to the living of unmarried girl operatives, who are morally made to live in dormitories subject to the respective mills. For their female life as lives, they are otherwise provided in some moments from their duty. There is nothing left to be desired in facilities of this kind, and no wonder that Dame Fumiko Y.W. Hayashi, who during your last year heading the British Industrial Mission, was moved with admiration at the completeness of facilities and equipment in spinning mills in Japan.

MR. FERGUSON: It might be some part of Mission, my lord.

MR. COMMISSIONER: Yes, it was at Kanebo (phonetic) mills.

BY MR. FERGUSON: Q. Mr. Dawson, prior to your letter to Mr. Dunning, Exhibit 402, had you had [illegible] with the Japanese Government on this subject? A. Yes, I have. I met [illegible]

Q. All right, Dr. Dawson. A. I wrote Mr. Dunning on November 15th 1935, as follows:

"Dear Mr. Dunning-

No doubt what is commonly known as the 'Japanese Menace' is being carefully considered these days by yourself and your colleagues. I perhaps should have approached you regarding this matter before this but I hesitated to disturb you at a time when I knew you would be more than busy laying out the work of your Department. I think, however, that the time has now come when we should let you know how vital this question is to the Textile industry.

When the former Government was in power, we supplied the Hon. Mr. Hanson, Minister of Trade and Commerce, with definite information that we were able to gather in regard to the efforts that the Japanese have been making to obtain freer access to this market. I am taking the liberty of enclosing you copies of letters addressed to Mr. Hanson re this matter, during the time when this question was being discussed between the representatives of the Japanese Government and the representatives of our Government.

If the information given you in these copies of letters is not adequate and you would like to interview me in regard thereto, I shall be very glad to go to Ottawa for that purpose.

Mr. Mills, Mr. Benson.

I wrote Mr. Benson on November 14th, 1945, as follows:

"Dear Mr. Benson:

"Pursuant to your request, I enclose an "Income Account" in being some of considered terms by yourself and your colleagues.

I perhaps should have prepared the proposed tele matter before this and I hesitated to disturb you at a time when I know you really do more than long during the work of your Department.

I think, however, that the time has now come so much for you know on what this question is the Lambie industry.

When the former government was in power, we supplied the Hon. Mr. Benson, Minister of Trade and Commerce, with detailed information that we were able to prove in regard to the efforts that the Japanese have been making to obtain first access to this market. I am making the liberty of enclosing you copies of letters written to Mr. Benson on this matter, during the time when this question was being discussed between the representatives of the Japanese Government and the representatives of our Government.

If the information given you in these copies of letters is not adequate and you would like to interview me in regard thereto, I shall be very glad to go to Ottawa for that purpose.

Even under exiting conditions our Japanese friends, because of their low costs, are able to undersell us in our own market. You can quite see that, when young women working in the cotton mills of Japan are paid only about the equivalent of $1.20 per week, how impossible it is for us to compete with them when the minimum wage established by law in Canada is $12.00 per week and actual wages paid in the Textile mills are much higher than this figure."

That figure of $12.00 is the Ontario figure, and while there is no minimum wage law in New Brunswick, we follow the Ontario custom, because our other mills are in Ontario.

"Because of the trade depression that has been in existence in recent years, many hundreds of our looms have for a long time now been operating but three days per week and you can understand to open the door wider to the product of foreign mills might easily result in the complete elimination of this industry.

Feeling sure that we can depend on you to prevent the coming of a disaster of such magnitude, I am,

Very sincerely yours,

P.S. I hope that the sample of cloth referred to in my letter to Mr. Hanson of June 4th, 1930, can be found in the Department of Trade and Commerce, as I have not a duplicate of it and I would like

even under existing conditions our Japanese friends, because of their low costs, are able to successfully compete in our own market. You can quite see that, when young women working in the cotton mills of Japan had only received the equivalent of 14.7c per week, the Canadian mills were unable to compete with them when the minimum wage established by law in Japan is 14.3c per week and actual wages paid in the textile mills are much higher than this figure.

That figure of 14.3c is the ultimate figure, and while there is no minimum wage law in the Dominion, we follow the Atlantic seaboard, because our cotton mills are in Quebec.

"Because of the trade depression that has been in existence in recent years, many numbers of our looms have for a long time now been sweating out in one way or another and you can understand to open the door wider to the product of foreign mills might easily result in the complete elimination of this industry.

Feeling sure that we can depend on you to prevent the coming of a disaster of such magnitude, I am,

Very sincerely yours,

P.S. I hope that the sample of cloth referred to in my letter to Mr. Lemon of June 4th, 1930, can be found in the department of trade and commerce, as I have not a duplicate of it and I would like

you to have the opportunity of giving it personal examination."

THE COMMISSIONER: That will be Exhibit 463.

EXHIBIT 463: Letter dated November 15th, 1935, to Hon. C.A.Dunning from Mr. Dawson.

BY THE COMMISSIONER: Q.Do I understand you pay a minimum female wage of $18.00 a week? A. I think Mr. Boyd, who is manager of the mills, could answer that better.

Q. That is what you state in that letter? A. Yes, I said $12.00. Mr. Boyd will correct me if I am wrong; that is after they become experts they get $12.00 a week.

MR. BOYD: Yes, after 18 months service they get $12.00 a week.

THE WITNESS: I think that is the Ontario Minimum wage, but that can be confirmed. That is what I had in my mind anyway.

Then I wrote to Mr. Dunning again on November 20th, 1935, as follows:

"Dear Mr. Dunning:

"Absence from town has prevented my replying earlier to your kind letter of the 23rd instant.

I am sure that when you have had time to study the Japanese situation you will satisfy yourself that the making of any trade concessions to Japan, other than those that are already accorded her, will mean that the industries of this country will

you to have the opportunity of giving it

[illegible]

THE CHAIRMAN: There will be twelve men.

EXHIBIT #[illegible]: Letter dated November 14th, 1930, to Mr. G.A. Dunning from [illegible].

BY THE COMMISSIONER: Do I understand you say a minimum female wage of $14.00 a week? ... I think Mr. Loyd, who is manager of the office, could answer that better.

Q. That is what you mean in that letter?

A. Yes, I said $14.00. Mr. Loyd will correct me if I am wrong; that is after they become experts they get $14.00 a week.

Mr. LOYD: Yes, after 12 months service they get $14.00 a week.

THE WITNESS: I think that is the Ontario minimum wage, but that can be confirmed. That is what I had in my mind any ...

When I wrote to Mr. Dunning on November 14th, 1930, as follows:

"Dear Mr. Dunning:

"Absence from town has prevented my replying earlier to your kind letter of the 22nd instant.

I am sure that when you have had time to study the Japanese situation you will satisfy yourself that the making of any trade concessions to [illegible] will mean that the industries of this country will

languish and the unemployment situation will become very much worse than it is at the present time.

Those of us who are engaged in the Textile Industry feel under heavy obligations, first to the thousands of mill operatives and their families who are depending for a living on the work they have in the mills, and secondly to the large number of people who own shares in the cotton, woollen silk and garment industries of the country. Because my own Company is becoming hoary with age, a great many of our shares are now owned by widows and orphans. Some three or four years ago when we had to discontinue paying dividends it was simply heart-breaking to me to receive personal calls and letters from people who informed me that the withdrawal of our dividends brought them to the verge of starvation. You can therefore understand why in the interests of our operatives and shareholders, we are anxious that nothing shall be done that will compel us to reduce further the product of our Mills. For months past many hundreds of looms have been closed down for want of work, and those that are operating have been doing so only three days a week. To further reduce the out-put of our Mills would mean that it would only be a short time before we would be completely out of the picture, and such a condition one does not even like to contemplate.

languish and the unemployment situation will become very much worse than it is at the present time.

Those of us who are engaged in the textile industry feel under heavy obligation, first to the thousands of mill o ersatives and their families who are depending for a living on the work they have in the mills, and secondly to the large number of people who own shares in the cotton, woollen silk and spinning industries of the country.

Because my own Company is sharing heavy with me, a great many of our shares are not owned by widows and orphans. Some times or four years ago when we had to discontinue paying dividends it was simply heart-breaking to me to receive personal calls and letters from people who informed me that the withdrawal of our dividends brought them to the verge of starvation. You can therefore understand why in the interests of our operatives and shareholders, we are anxious that nothing shall be done that will compel us to reduce further the product of our Mills. For months past many hundreds of looms have been closed down for want of work, and those that are operating have been doing so only three days a week. To further reduce the out-put of our Mills would mean that it would only be a short time before we would be completely out of the picture, and such a condition one does not even like to contemplate.

Again expressing the hope that you will be able to save the situation for such an important industry of the country, I am,

Very sincerely yours,"

THE COMMISSIONER: That will be Exhibit 464.

EXHIBIT 464: Letter dated November 29th, 1935, from Mr. Dawson to Hon.C.A.Dunning.

THE WITNESS: And then I wrote to Mr. Dunning again on March 24th, 1936 , as follows:

"Dear Mr. Dunning:

I have just received from our Vancouver agent the enclosed copy of letter dated the 17th instant. If what this man says is true, our Japanese friends are really not 'playing the game.'

I also enclose an extract taken from the February number of the Japan Commercial Guidance entitled 'Largest Textile Export in History'. The figures given in this article are stupendous, and I suppose that the Japanese manufacturers, supported by their Government, are to be commended for the desperate efforts they are making to capture the major industries of the world. I was interested too in noticing the circulation of this booklet for the previous month of 821 copies distributed in the United States, 275 in Canada, and about36 in England. If Canada had got her proportion of these booklets

again expressing the hope that you will be able to save the situation for such an important industry of our country. I am,

Very sincerely yours,

THE COMMISSIONER: Then will be inserted the letter from Mr. Dawson to Mr. G.W. Brown.

MR. DAWSON: The letter I wrote to Mr. Brown is on March 6th, 1926, as follows:

"Dear Sir, Montreal:

I have just received from our Vancouver agent the enclosed copy of letter dated the 1/4 instant. If what this man says is true, our displaced fishers are really not "playing the game".

I have written on several occasions from information by number of the Japan Commercial Guidance entitled "Important Textile Report in History". The figures given in this article are outrageous, and I suppose that the Japanese manufacturers, supported by their Government, are in no condition for the Japanese fishermen they are making to equate the major industries of the world. I was interested too in noticing the circulation of this booklet for the previous month of 6ml copies distributed in the United States, 275 in Canada, and nonuls in England. If Canada had got her proportion of these booklets

in comparison with the United States, we should have had only about 80 copies. It would appear, therefore, as if the Japanese manufacturers are making a special drive for Canadian business due, no doubt, to the recent agreement entered into with them by Canada.

I am taking the liberty also of enclosing copies of letters written on the 19th and 23rd instant to the Hon. Mr. Ilsley bearing on this Japanese situation.

Hoping that your Government will find some early method of dealing with this most difficult situation, I remain,

Very sincerely yours,"

Then this letter that I refer to, from J.B. Thomson & Son, Vancouver, dated March 17th, 1936, reads as follows:

"Further with reference to the Japanese situation in regard to lumber, it is hard sometimes to get exact information on these things. However, I had the opportunity of seeing a confidential file and I took a synopsis of what it contained and I attach hereto the information which may be of value to you. There will not be one chance in the world of a white logger being employed on this work, and you will find that Japanese ships will carry the Spruce to Japan - all the Government will get will be the stumpage tax which is of very small value as

in comparison with the United States, we should have not many place or angles. It would appear, therefore, as if the Japanese manufacturers are making a normal effort for legitimate business due, no doubt, to the recent appreciation of the Canadian dollar.

I am leaving the Liberty plan of evaluation copies of letters written on the 14th and then intend to see Mr. Mr. Ilsley dealing on this important matter.

Hoping that your Government will find some early method of dealing with this most difficult situation, I remain,

Very sincerely yours,"

Then this letter that I refer to, from Mr. Thomson & Son, Vancouver, dated March 17th, 1948, reads as follows:

"Further with reference to the Japanese situation in regard to lumber, it is hard enough to get exact information on these things, however, I had the opportunity of seeing a confidential file and I took a synopsis of that [illegible] which may be of value to you. There will not be any change in the world of a white lumber being employed on this work, and you will find that [illegible] sales will carry the price to 1 pen - if the Government will get rid of the

compared with the lumber involved.

The Takashia camp on Vancouver Island is operated entirely by Japanese with the exception of one man who takes care of the donkey engine - his name is Merrill Medley so that is not taking care very much of our own unemployment problems.

These two statements I am satisfied if of value, you are quite safe in giving the information to the Commission."

And the figures that I speak of, taken from the Japan Commercial Guidance, read as follows:

"The Cotton Yarn and Cloth Exporters' Union announces that Japan's cotton textile export from January 1 to December 20, 1935, totalled 2,616,654,000 square yards, which represented a gain of as much as 157,115,000 square yards over the figure for the corresponding period of previous year.

This was the largest record, and was also much greater than the total for Lancashire, whose export up to November 30 last year was about 700,000,000 yards smaller than Japan's for the same period.

Listed below are the export figures of the past five years: (Unit: 1000 square yards)

--

compared with the lumber involved.

The lumbering camp on Vancouver Island is operated entirely by Japanese with the exception of one man who takes care of the finance angle - his name is Merrill Bailey so that is not saying we very much of our own unemployed problem.

These two statements I am entitled to at value, you are quite safe in giving the information to the Commission."

And the figures that I spoke of, taken from the Commercial Guidance, read as follows:

"The Cotton Yarn and Cloth Manufacturers' Union announces that Japan's cotton textile exports from January 1 to December 31, 1936, totalled 4,016,004,000 square yards, which represented a gain of as much as 107,116,000 square yards over the figure for the corresponding period of [illegible] year.

This was the largest record, and was also [illegible] the total [illegible], amounts up to November 30 last year was about 700,000,000 yards smaller than Japan's for the same period.

Listed below are the export figures of the past five years: (Unit: 1000 square yards)

--

Year	Amount	Compared with Previous Year
1931	1,407,281	- 10%
1932	2,032,622	+ 44
1933	2,087,345	+ 2
1934	2,567,630	+ 23
1935	2,616,654	+ 6

(1935 up to Dec. 20)

MR. KELLOCK: That will be Exhibit 465, my lord.

THE COMMISSIONER: Yes, Exhibit 465.

EXHIBIT 465: Letter dated March 24th, 1936, from Mr. Dawsonto Hon.C.A.Dunning.

BY MR. KELLOCK: Q. Then have you anything else, Mr. Dawson? A. Yes. I also wrote a letter to Mr. Dunning on March 25th, 1936, as follows:

"I would appreciate it if you would take the time to read the two enclosed letters received by Belding-Corticelli Limited from the H. Nishizawa Shoten Limited, of Osaka, Japan. They are quite enlightening and somewhat amusing.

Will you please note particular ly that these Japanese people do not like quoting their goods in yen. For reasons th t are obvious they take care, through agents, to have goods delivered in the warehouses of Canada with freight, duty, etc. paid. This is their usual method of procedure and I really think there ought to be a law to prevent this sort of thing as such methods open the door to fraudulent practices. It would

Year	Amount	Increased over previous year
1921	1,607,[illegible]	- 16%
1922	3,020,000	+ 8%
1923	[illegible]	- [illegible]
1924	5,307,000	+ 65
1925	5,914,000	+ [illegible]

(Also up to Dec. 31)

[illegible] that all [illegible] Bill, or Act,

[illegible] Act, Statute Law.

[illegible] Act, [illegible] Act, 1924.

Item 22. Essential Industries, [illegible]

[illegible] : . Item 22 you [illegible] plus,

[illegible] . Yes. I also wrote a letter to

[illegible] on March 24th, 1930, as follows:

"I would appreciate it if you would take the time to read the two enclosed letters received by Belding-Corticelli Limited from the W. Hamilton Brown Company, of Cadiz, Texas. They are quite enlightening and somewhat sad.

"All you please who [illegible] by that time Japanese people do not like quoting their goods in yen. But reading th t sad letter they will see, through events, to have goods delivered in the warehouse of Canada with freight, duty, etc. paid. This is their usual method of procedure and I really think there ought to be a law to prevent this sort of thing as such actions open the door to fraudulent practices. It would

be very much easier to check the values of such Japanese importations if the houses in Japan had to invoice their shipments direct to the merchants of Canada with the value in yen shown right on the face of the invoice, and with the usual endorsation to the effect that the prices thereon are those current in the country of origin and that the goods have been sold at a reasonable profit.

I notice too that each piece of Japanese Rayon exported to Canada is stamped as follows-

Imperial Japanese

PASSED

Government.

One reason why such goods are stamped by the Japanese Government may be that a bonus is given by the Government to all such exporters. If this be the case, the Government would naturally keep a report of the exports so that they could be checked up with the claims of the shippers.

In any case, we are very suspicious of the methods that the Japanese follow in furthering their export business. The fact that that little nation has out-distanced all other nations in their exports would indicate that they are following business methods methods that, if not doubtful, are at least far from the normal methods followed by the other nations of the world.

Faithfully yours."

be very much easier to check the values of such Japanese importations if the houses in Japan had to invoice their shipments direct to the merchants of Canada with the value in yen shown right on the face of the invoice, and also the usual endorsement on the invoice that the prices therein are those current in the country of origin and that the goods have been sold at a reasonable profit.

I would see that such place of importance upon exports to Canada is shewn as follows-

Imperial Japanese

"Government.

One reason why such goods are charged by the Japanese Government may be that a bonus is given by the Government to all such exporters. If this be the case, the Government would naturally keep a report of the exports so that they could be checked up with the claims of the shippers.

In my case, we are very suspicious of the methods that the Japanese follow in furthering their export business. The fact that that little nation has out-distanced all other nations in their exports would indicate that they are following unusual methods methods that, if not doubtful, are at least far from the normal methods followed by the many nations of the world.

"Nationality Cases."

MR. KELLOCK: That will be Exhibit 466, my lord.

THE COMMISSIONER: Exhibit 466, yes.

EXHIBIT 466: Letter from Mr. Dawson to Hon. C.A. Dunning, dated March 25, 1936.

BY MR. KELLOCK: Q. What else, Mr. Dawson?

A. Then again I wrote Hon. Mr. Dunning on April 28th, 1936:

"Dear Mr. Dunning:

"I quote from a letter just to hand from our Vancouver agent,-

"Rayon still continues to come in in fairly large quantities. I have seen quite a good sized shipment opened up in Gaults Limited. I am enclosing two samples of cloth taken from the bales which they opened. This cloth cost 3½¢ per yard in Japan."

I am enclosing samples of the goods in question. It seems incredible that such goods should be sold at 3½¢ per yard, and even if the Japanese mills are paying only 15¢ a day to their workers one cannot understand how they can get their costs down so low. One more than ever is compelled to believe that the Japanese Government is giving these manufacturers a bonus on such goods as they export. These Rayons could not be produced by us at under 17½¢ per yard.

The Canadian looms will have to lie idle so long as these Japanese goods are allowed to come in at values such as referred to. We estimate that already a half-million

Mr. Russell: That will be exhibit five, my lord.

The Commissioner: Exhibit five, yes.

Exhibit 5: Letter from Mr. Dawson to Mr. C.E. Hamlin, dated March 1st, 1938.

Then again I wrote Mr. Dowling on April 2nd, 1938:

"Dear Mr. Dowling:

"I quote from a letter just to hand from our Vancouver agent,-

"Japan still continues to come in in fairly large quantities. I have seen quite a mixed shipment coming up in Canadian limited. I am enclosing two samples of cloth taken from the bales which they opened. This cloth cost 32¢ per yard in Japan."

I am enclosing samples of the cloth in question. It seems incredible that such goods should be sold at 32¢ per yard, and even if the Japanese mills are paying only 16¢ a day to their workers one cannot understand how they can get their raw jute in Jute. One cannot help even be compelled to believe that the Japanese Government is giving them some bounty on such goods as they export. These goods could not be produced by us at under 17¢ per yard.

The Dundee looms will have to lie idle so long as these figures for clothed as this in at values such as referred to. In another

that already a half-million yards of these Japanese goods have arrived in Canada, and no doubt shipments in increased volume will continue to reach the Port of Vancouver or will come into Canada through some other Port or Ports.

Faithfully yours,"

THE COMMISSIONER: Who writes that letter?

THE WITNESS: That is a letter to Mr. Dunning in which I quote from my agent's letter in Vancouver.

Q. And what is the date of it? A. It is the 28th April, 1936.

THE COMMISSIONER: That will be Exhibit 467.

EXHIBIT 467: Letter from Mr. Dawson to Hon. Mr. Dunning, dated April 28th, 1936.

THE WITNESS: Now, my lord, if you would not mind my making way for Mr. Boyd for about half an hour. I have to go to a bank meeting, but I will be back, and Mr. Boyd can carry on in my absence, submitting samples of cloth; if that can be permitted it will be appreciated, my lord.

THE COMMISSIONER: All right, Mr. Dawson.

MR. McRUER: Will you have your manufacturing accountant here this afternoon, Mr. Dawson?

THE WITNESS: Yes.

-- Witness excused.

that already a half-million yards of these
supposed goods have arrived in Canada, and no
doubt shipments in increased volume will
continue to reach the port of Vancouver or
will come into Canada through some other ports
of entry.

Cross-Examination

THE COMMISSIONER: Do unless that letter?

MR. [illegible]: That is a letter to Mr. Gunning
in which I quote from my agent's letter in Vancouver.

Q. And that is the date of it? A. It is
the 20th April, 1950.

THE COMMISSIONER: That will be marked exhibit.

EXHIBIT 267: Letter from Mr. Dawson to
Mr. Mr. Gunning, dated April
20th, 1950.

MR. [illegible]: Now, My Lord, if you would not
mind my making my far or. Stay for about half an
hour. I have to go to a book meeting, but I will
be back, and Mr. Lloyd can carry on in my absence,
subject being supplied of course; if that can be permitted
it will be appreciated, My Lord.

THE COMMISSIONER: All right, Mr. Dawson.

MR. [illegible]: Will you have your cross-examination
[illegible] Mr. [illegible]

THE COMMISSIONER: Yes.

— [illegible] recessed.

WILLIAM V. BOYD, Sworn,

EXAMINED BY MR. KELLOCK:

Q. Mr. Boyd, you are employed by Canadian Cottons, Limited? A. Yes.

Q. In what capacity? A. Assistant General Manager. My work particularly pertains to the mills.

Q. To the mills? A. Yes, - production, quality and cost.

Q. Dr. Dawson referred a moment or two ago to the scale of wages paid in New Brunswick. He said that the practise was to follow the minimum wage of Ontario. Will you tell his Lordship about that? A. Well, I want to make a correction there; it is based on population.

BY THE COMMISSIONER: Q. What is that, I don't understand you. A. The Ontario Minimum wage is based onpopulation. That is, a city with 100,000 would pay a higher rate than a city with 5,000. That is stated before that it was $12.00 in Milltown. I want to correct that. It is $10 for that population.

BY MR. KELLOCK: Q. $10 for what? A. $10 for the usual number of hours that is worked by the industry in the locality. In this case it is 50 hours.

Q. And does that apply to apprentices? A. No. They start at the lower rate. That is after 18 months' service.

[illegible]

[illegible] BY MR. [illegible]:

Q. Mr. [illegible], you are employed by the Alien Services, Limited? A. Yes.

Q. In what capacity? A. Investigator [illegible]. My work particularly pertains to the [illegible].

Q. To the police? A. Yes. - [illegible] [illegible] and work.

Q. Mr. [illegible] mentioned a number of [illegible] to the amount of money paid in by Europeans. I will [illegible] the question was to follow the [illegible] of [illegible]. Will you call his [illegible] [illegible]

A. Yes, I [illegible] to make a correction there; it is [illegible] [illegible].

BY THE COURT: Q. Is it that, I don't [illegible] [illegible]. A. The amount [illegible] is based [illegible]. That is, a city with 100,000 would pay a higher rate than a city with 5,000. That is stated below that it was [illegible] in millions. I mean to correct that. It is [illegible] [illegible].

BY MR. [illegible]: Q. Pro rata? A. Pro rata for the usual number of hours that is worked by [illegible] (illegible). In this case it is 40 hours.

Q. Does that apply to apprentices? A. No. They start at the lower rate. That is after in [illegible] [illegible].

Q. That $10 is after 18 months' service ?

A. Yes.

Q. That is when you apply that minimum? A. Yes.

Q. Mr. Boyd, have you obtained some information as to Japanese materials being offered here?

A. Yes, there are some samples here.

Q. Now, what have you got. First, you are producing a card on which I see you have two materials, the one on the left hand side being marked "Japanese". And what is the one on the right hand side? A. That is a product of Montreal Cottons.

Q. I see. Now, dealing with these two samples, what kind of material is this, the one referring to the Japanese? A. That is called a taffeta in the trade, rayon taffeta.

Q. And you have certain information on here as to construction? A. Yes.

Q. And I see there is a line "Fin", what is that? A. That is the finished width.

Q. Finished width, and that is 27"? A. Yes.

Q. And what is "ACt" ? A. That is actual .

Q. Then you have a price of 11$\frac{3}{4}$¢ landed?

A. Yes.

Q. Where did that sample come from, do you know?

A. That was handed to us by one of our customers.

BY MR. McRUER: Q. Who? A. Belding Corticelli people.

Q. That pic is after 12 months' service ?

A. Yes.

Q. What is meant you simply want minimum? A. Yes.

Q. Mr. Boyd, have you obtained some information as to Japanese materials being offered here?

A. Yes, there has been samples here.

Q. Now, what have you got. First, you are producing a cord on which I see you have two material, one on the left hand side being marked "Japanese" and what is the one on the right hand side? A. That is a product of Canadian Cottons.

Q. I see. Now, dealing with these two samples, what kind of material is this, the one referring to the Japanese? A. That is called a taffeta in one tones, rayon taffeta.

Q. Do you have certain information on here as to comparativity? A. Yes.

Q. And I see there is a line "Tin", what is that? A. That is the finished width.

Q. Finished width, and that is 27"? A. Yes.

Q. And what is "Ends" ? A. That is actual.

Q. Then you have a price of 11½ landed?

A. Yes.

Q. Where did that sample come from, do you know?

A. That was handed to us by one of our customers.

BY MR. MORDEN: Q. Who? A. Belding Corticelli Limited.

BY MR. KELLOCK: The Belding-Corticelli Company? A. Yes.

Q. Then on the right hand side you say that is a sample of the product of Canadian Cottons? A. Yes.

Q. And then you have also the information there as to the construction? A. Yes.

Q. How do they compare? A. Reasonably close.

Q. Reasonably close? A. Yes. This is supposed to sell in competition with that on the Canadian market.

Q. I see. Then you have a cost figure of ~~.1677~~ .1741? A. That is revised. That should be .1677.

Q. It should be .1677? A. Yes.

Q. Well, perhaps we might change it on here now.

MR. McRUER: Well, here is a blue pencil, change it with that, please.

BY MR. KELLOCK: Q. .1677? A. Yes.

Q. Yes. And this right hand sample of yours, are you still making these goods? A. No, we discontinued making them.

Q. When? A. Shortly after the first of the year.

Q. Was there any particular reason that you know of? A. Well, the reason was, with the competition that we were receiving we could not possibly make the cloth and sell it at the price.

Q. Up to that time, can you tell his lordship

Q. Yes.

Q. Then on the right hand side you say that is a sample of the product of Canadian Celanese?

A. Yes.

Q. And then you have also the information there as to the [illegible]. Yes.

Q. How do they compare? A. Remarkably [illegible]. Remarkably close? A. Yes. This is surprised to sell in competition with that on the [illegible].

Q. I see. Then you have a cost figure of $.899 $.1741? A. That is reversed. That should be $.1741.

Q. It should be $.899? A. Yes.

Q. Well, perhaps we might change it on both sides. MR. [illegible]: Well, one is a line overall, other is skin [illegible], I guess.

BY MR. [illegible]: Q. $.1677? A. Yes.

Q. Yes. And this right hand sample of yours, are you still making these goods? A. No, we discontinued making them.

Q. When? A. Shortly after the first of the year.

Q. Was there any particular reason that you know of?

A. Well, the reason was, with the competition that we were receiving we could not profitably make the cloth and sell it at the price.

Q. Up to that time, can you tell me roughly

how long you have been manufacturing that cloth?

A. Well, I would say three or four years.

Q. Was that one of the early lines which you began when you changed over to rayon? A. Yes, when we started to make rayon.

MR. KELLOCK: That had better go in as an exhibit now.

THE COMMISSIONER: That will be Exhibit 468.

EXHIBIT 468: Samples of all rayon taffeta, Japanese and Canadian Cottons.

BY THE COMMISSIONER: Q. These exhibits came from the Belding Corticelli?

BY MR. KELLOCK: Q. Japanese sample came from Belding Corticelli? A. Yes. There are some more from the same source.

A. Well, perhaps we had better deal with them separately. Then you are showing me another card on which there are three samples? A. Yes.

Q. And which would beExhibit 469.

THE COMMISSIONER: Yes.

EXHIBIT 469: Three samples, all rayon brocaded taffetas, Japanese and Canadian Cottons.

BY THE COMMISSIONER: Q. Where do they come from? A. The same source.

BY MR. McTUSH: Q.Those come from Belding-Corticelli? A. Yes.

BY MR. KELLOCK: Q. And this card shows two ej Japanese samples, and the one on the right hand side is your own? A. That is our own, yes.

Q. How long have you been manufacturing that cloth?

A. Well, I would say three or four years.

Q. Was that one of the early lines which you began when you changed over to rayon? A. Yes, when we started to make rayon.

MR. [illegible]: That has better go in as an exhibit now.

THE COURT REPORTER: It will be Exhibit 49.

EXHIBIT NO.: Samples of all rayon buttons, Japanese and German Gottons.

BY THE COMMISSIONER: Q. These exhibits came from the Belding Corticelli?

BY MR. [illegible]: Q. Japanese samples came from Belding Corticelli? A. Yes. There are some more from the same source.

A. Well, perhaps we had better deal with them separately. Then you are showing me another card on which there are three samples? A. Yes.

Q. And which would be Exhibit 49?

A. Yes.

EXHIBIT NO.: Three samples, all rayon brocaded buttons, Japanese and German Cottons.

BY THE COMMISSIONER: Q. Where do they come from?

A. The same source.

BY MR. [illegible]: Q. These come from Belding-Corticelli?

A. Yes.

BY MR. MILLOCK: Q. And this card shows two 44 Japanese samples, one the one on the right hand side of your card? A. That is our own, see.

Q. And that is supposed to compete with that, with this Japanese? A. That is the nearest we have to it.

Q. And you say that you got those Japanese samples from Belding-Corticelli? A. Yes.

Q. And I see that the Japanese landed price in each case is 11½¢, and your cost is .2288 cents? A. Yes.

Q. And I see these samples are marked "Brocaded Taffetas"? A. Yes.

Q. Is the Canadian Cottons making this brocaded taffeta on this card at the present time? A. This line is discontinued.

Q. Then what you have already said with regard to Exhibit 468 will apply to this? A. Yes.

BY MR. McRUER: Q. Let us be definite on that. The reason it has been discontinued is because of the competition that we were receiving, that is his answer to that question.

BY MR. KELLOCK: Q. Is that right, Mr. Boyd? A. Yes.

BY THE COMMISSIONER: Q. Competition from what source? A. Well, from Japan, sir.

BY MR. KELLOCK: Q. You mean by the competition of the Japanese samples on this card, or similar merchandise? A. Well, it is this line (indicating) against this line (indicating) here.

Q. Well, when you say what you refer to as the

Q. And that is supposed to compete with that, with this Japanese? A. That is the nearest we have to it.

Q. And you say that you get much Japanese supplies from building-materials? A. Yes.

Q. And I see that the Japanese landed price in each case is 11½, and your cost is .4888 cents?

A. Yes.

Q. And I see those figures are marked "Recorded Difference"? A. Yes.

Q. Is the Pacific Coast Lumber mill situated nearer to this coast or the present line? A. This line is discontinued.

Q. That line has been abandoned? A. Yes.

Q. Exhibit 620 will apply to this? A. Yes.

MR. MCKAY: Q. Let us go outside on that. The reason it was then discontinued is because of the competition that we were receiving, that is his answer to that question.

MR. MACLEAN: Q. Is that right, Mr. Hogg? A. Yes.

MR. [illegible]: Q. Competition from the Japanese? A. Well, from Japan, sir.

MR. [illegible]: Q. You mean by the [illegible] [illegible]? A. Yes, it is the [illegible] line.

Q. [illegible] this line (indicating) here.

A. Well, [illegible] the [illegible] it is the

Japanese competition are the two samples shown on this card, Japanese or similar merchandise? A. Yes. We don't make any brocaded taffetas.

BY MR. McRUER: Q. And never did? A. Never did.

Q. So you discontinued.

BY MR. KELLOCK: Q. Well, I understood you to say, Mr. Boyd, that this right hand sample was the product of Canadian Cottons ? A. So itis, but that is not a brocaded taffeta.

Q. What is it? A. Not in the sense that this is.

Q. What is it then? A. This is a dobby taffeta.

BY THE COMMISSIONER: Q. Well now, is that product discontinued? A. Yes, sir. That is the nearest line we have to compete with all the Japanese brocaded taffeta.

THE COMMISSIONER: Mr. Kellock, that exhibit you have in your hand, is that the second sample put in?

MR. KELLOCK: Yes, my lord, Exhibit 469.

Q. What is the difference between a dobby taffeta and a brocaded taffeta? A. Well, a brocaded taffeta in Canada would be more expensive to make than a dobby taffeta.

Q. I see.

MR. McRUER: It is not the same thing.

MR. KELLOCK: Well, he did not say it was the same. I was just asking for the difference.

MR. McRUER: Well, he has only told you one

Japanese competition are the two angles that on this
card, Japanese or slightly merchandise. . Yes.
. Don't make any broaded matters.

MR. MACKAY: . Do other clay . Other pla
. Do you discontinued.

MR. MACKAY: . Well, I understood you to
. Yes, also this slight hand crazie was the result
of Japanese competition ? . No sir, but was in not
a general lower.

. What is it? . Not in the sense that this
is.

. What is it mean? . This is a copy Mr. Pen
BY THE COMMISSIONER: . Well now, is that product
discontinued? . Yes, sir. That is the product
line we have to compete with all the Japanese broaded
matters.

. Mr. Mackay, B.A. Admit
have in your mind, is that the second article you
. Slightly, or less, similar, yes.

. What is the difference between a copy matter
and a broaded matter? . Well, a broaded matter
in Canada would be more expensive to make than a
copy matter.

. I see.

MR. MACKAY: It is not the same thing.

. MILLSON: Well, he did not say it was the same.
I was just making for the difference.

. MACKAY: Well, he has only told you one

difference. One is made on the Jacquard loom and the other is not.

BY MR. KELLOCK: Q. Well, what is the difference aside from the extra cost of expense? A. Well, a weaver would run more looms on the dobby pattern than he would on a Jacquard.

Q. Then it is easier to make? A. The dobby one is, yes.

Q. Does it answer the same purpose in the trade as the broaded taffeta.

THE COMMISSIONER: How do you spell that word?

MR. KELLOCK: D-o-b-b-y, my lord.

Q. Is it sold for the same purpose in the trade, Mr. Boyd, as a brocaded taffeta? A. I cannot say as to that. There is another one of the same type.

Q. Then you are showing me another card, Mr. Boyd, which will be Exhibit 470, my lord.

THE COMMISSIONER: Yes, Exhibit 470.

EXHIBIT 470. Card showing two samples, brocaded taffeta, one Japanese and one Canadian Cottons.

BY MR. KELLOCK: Q. On Exhibit 470 you show a Japanese sample of brocaded taffeta? A. Yes.

BY THE COMMISSIONER: Q. Pardon me, does this also come from Belding-Corticelli? A. Yes.

BY MR. KELLOCK: Q. And then on the right hand side of this card you have a sample of Canadian Cottons? A. That is the same thing.

Q. And that is a taffeta? A. Yes.

ALDERMAN: Now in going on the proposed line was the
[illegible] in use.

MR. [illegible]: Well, there is no difference
[illegible] from the [illegible] point of view? .. Well, a
[illegible] would run more loose on the [illegible], [illegible] than
he would on a [illegible].

.. Then it is easier to assist .. The [illegible]
[illegible].

.. Does it answer the same purpose in the [illegible]
[illegible].

THE COMMISSIONER: How do you small that we are
[illegible] [illegible].

.. Is it safe for the same purpose [illegible] [illegible],
[illegible], in a [illegible]? .. I cannot say
as I know. There is another one of the same type.

.. When you are showing me another card, Mr. [illegible],
[illegible] will be [illegible] my [illegible].

.. [illegible] Yes, [illegible].

[illegible] .. [illegible] [illegible] [illegible],
[illegible] [illegible], [illegible]
[illegible] [illegible].

MR. [illegible]: .. On [illegible] 470 [illegible] [illegible]
[illegible] [illegible] of [illegible] [illegible]? .. Yes.

.. [illegible] [illegible] .. [illegible], [illegible]
come from [illegible]? .. Yes.

MR. [illegible]: .. And then on the right hand
side of this card you have a [illegible] of [illegible]
[illegible]? .. That is the same [illegible].

.. And that is a [illegible]? .. Yes.

Q. And I see the landed price of the Japanese is 11¾¢, and your figures the same as the other, .2288. A. Yes.

Q. Then you are showing me another card, which will be Exhibit 471? A. Yes.

EXHIBIT 471: CARD with two samples of rayon crepes, one Japanese and one Canadian Cottons.

Q. And these are of rayon crepes? A. Yes.

Q. And on the left hand side you have a Japanese sample? A. Yes.

Q. Where did that come from? A. That came from Belding -Corticelli as well.

Q. And on the right hand side is this a product of Canadian Cottons? A. Yes.

Q. And is that a crepe also? A. That is a crepe, yes.

Q. And the particulars of instruction you have given here? A. Yes.

Q. Are they comparable? A. Fairly close, a little difference in the weight.

Q. Which is the heavier? A. This one here, the Japanese.

Q. The Japanese is heavier? A. Yes.

Q. And the landed price of the Japanese is 29⅝¢, and your cost is .3489? A. Yes.

Q. Then you have another card, which will be Exhibit 472? A. Yes.

EXHIBIT 472: Two samples of all rayon satins, one Japanese and one Canadian Cottons

Q. And I see the landed price of the Japanese is 1144, and your flavor the same as the other, Mr. A. Yes.

Q. Then you are about to another case, which will be Exhibit 472? A. Yes.

EXHIBIT 472: Case with two samples of rayon crepes, one Japanese and one [illegible] Exhibit.

Q. And these use of rayon are any? A. Yes.

Q. And on the left hand side you have a Japanese sample? A. Yes.

Q. Where did that come from? A. That came from Beijing -Portlesill as well.

Q. And on the right hand side is this a piece of Canadian Cotton? A. Yes.

Q. And is that a crepe also? A. That is a crepe, Yes.

Q. And the particulars of manufacture you have given here? A. Yes.

Q. Are they comparable? A. Fairly close, a bit in difference in the weight.

Q. Which is the heavier? A. This one here, the Japanese.

Q. The Japanese is heavier? A. Yes.

Q. And the landed price of the Japanese is 1144, and your cost is .8629? A. Yes.

Q. Then you have another case, which will be Exhibit 472? A. Yes.

EXHIBIT 473: The samples of all [illegible] [illegible]

THE COMMISSIONER: The same origin?

BY MR. Kellock : Q. Where does the Japanese sample on this card come from? A. That came from our Vancouver Representative.

Q. I see it says: "Landed in Vancouver, March 1936, at 26 cents per yard; purchased through Jap. Importer Nikko Co.?" A. Yes.

Q. And that is an all rayon satin? A. Yes.

Q. Then on the right hand side of this card you have the product of Canadian Cottons, and that is the nearest product to the Japanese sample that you make, is it? A. Yes.

Q. And your cost there is .3246 cents? A. Yes.

Q. Then the next card, which will be Exhibit 473, is also all rayon satins? A. Yes.

EXHIBIT 473: Two samples of all rayon samples, one Japanese and one Canadian Cottons.

BY THE COMMISSIONER: Q. From whom? A. This was handed to Mr. Dawson by the T. Eaton Company in Toronto;

BY MR. KELLOCK: Q. And the Japanese sample, the price is 21½ cents landed, and then you have on the right hand side your product, which is the nearest competing product? A. Yes.

Q. And your price is .2513? A. Yes, our cost.

Q. Yes, your cost is.2513? A. Yes.

Q. That is Exhibit 473. Now, have you anything else, Mr. Boyd? A. Yes. I have a sample here that was brought in by one of our salesmen. I understand the cloth was purchased by one of our customers

Mr. Mr. Wallbank: Q. Where does the Japanese sample come from? A. That came from our factory in Japan.

Q. I see it says: Issued in Japanese, Intern. Afr., at the Local Jap. Provincial Director Importer Kimono Co.? A. Yes.

Q. And that is an all rayon material? A. Yes.

Q. Then on the right hand side of this card you have the product of Canadian Celanese, and that is the correct product to the Japanese sample that? A. Yes.

Q. And your card there is 2346 cents? A. Yes.

Q. Then the next card, which will be exhibit 472, is also all rayon material? A. Yes.

EXHIBIT 472: Two samples of all rayon samples, one Japanese and one Canadian in form.

Mr. Mr. Cunningham: Q. From whom? A. This was handed to Mr. Dawson by the T. Eaton Company in Toronto.

Mr. Mr. Wallbank: Q. And the Japanese sample, its price is 21½ cents landed, and then you have on the right hand side your product, which is the correct selling price? A. Yes.

Q. And your price is 20½? A. Yes, our card.

Q. Yes, your card is 20½? A. Yes.

Q. That is Exhibit 472. Now, have you anything else, Mr. Lloyd? A. Yes. I have a sample here that was bought in by one of our salesmen. I understand the first was purchased by one of our salesmen

here in Montreal.

BY MR. McRUER: Q. Who? A. A firm by the name of Sansoucy.

BY THE COMMISSIONER: Q. Where does it come from? A. A firm called Sansoucy of Montreal.

Q. Is that a Japanese name? A. Yes, sir, Japanese Taffeta.

BY MR. KELLOCK: Q. That is not what his lordship is asking. He is asking about the firm name. Who is Sansoucy? A. That is a firm here. A firm of wholesalers here in Montreal.

Q. They are wholesale drygoods dealers in Montreal? A. I understand they are, yes.

Q. And what kind of material is this? A. This is a taffeta, a Japanese Taffeta.

THE COMMISSIONER: That will be Exhibit 474.

EXHIBIT 474: Sample of Japanese taffeta from SAnsoucy Company.

BY MR. KELLOCK: Q. Do you know what the price of this material was, the Sansoucy sample? A. That was 14 cents.

Q. 14 cents a yard? A. Yes.

Q. And for a merchandise of that type, Mr. Boyd, what do you say as to its workmanship? A. I think it is a pretty creditable piece of cloth.

Q. You think it is good material? A. Yes.

Q. Yes. A. Now, that is practically all I have in the line of samples.

Q. That is everything, is it? A. Yes.

CROSS-EXAMINATION BY MR. McRUER:

Q. Mr. Boyd, do you sell rayon to Belding-Corticelli? A. Yes, sir.

Q. Have you been selling any lines to Belding-Corticelli? in 1936? A. I cannot answer that, sir. Selling does not come under my supervision; I cannot answer that truthfully.

Q. Well now, have Belding-Corticelli purchased any of those Japanese cloths? A. I understand they have, yes.

Q. Who told you they had? A. Mr. Dawson.

Q. Mr. Dawson told you that Belding -Corticelli had purchased these cloths? A. Yes.

Q. Did he tell you how much the had purchased? A. He told me that they had purchased, I think he said, over 300 pieces.

Q. Over 300 pieces of these cloths? A. Yes.

Q. Belding-Corticelli are right here in Montreal? A. Yes.

Q. And they could be brought here to give evidence of what they had purchased? A. Yes.

Q. Did The Belding -Corticelli tell you that they had ceased buying your goods and were using Japanese goods in their place? A. Well, they didn't tell me anything, as a matter of fact.

Q. They did not tell you anything? A. No, they did not tell me anything.

Q. Did they tell you where they got those goods?

A. They told Mr. Dawson and Mr. Dawson gave it to me.

Q. Oh well, it has come from Mr. Dawson?

A. Yes.

THE COMMISSIONER: You will be cross-examining Mr. Dawson.

MR. McRUER: Yes, my lord.

Q. You said, that in regard to sample 468 - look at that, please, - you had discontinued that because of the competition you were receiving from the Japanese goods? A. Yes.

Q. How much of the Japanese cloth has been imported into Canada altogether, do you know? A. No, I do not.

Q. How much have been sold, have you any idea? A. No idea.

Q. How many of your customers have ceased buying your cloth because they were buying Japanese cloth? A. I cannot tell you.

Q. Name me one that has? A. I am not in the Selling Department.

Q. Well, I know, but you gave us your sworn testimony. You are under oath, you realise that? A. Yes, I do.

Q. And when you make statements we expect you to give them truthfully? A. Yes.

Q. Now, you gave us your sworn testimony that you had ceased producing the cloth that is shown on Exhibit 468 because of Japanese competition, or becaus

Q. They did not, Murray and Mr. Lambon give it to me.

Q. Oh well, it was some from Mr. Lambon?

A. Yes.

Mr. Chairman: You will be cross-examined by Mr. [illegible]

Q. Nothing more, my lord.

Q. Now well, when is reported to Sergeant Major - Lieutenant Brown, - you had discussed that persons of the commission and were concerned from the [illegible]?

A. Yes.

Q. How much of the commission could has been [illegible] into Lambon's hands, do you know? A. No, I do not.

Q. How much have been paid, do you know?

A. No idea.

Q. How many of your accounts have passed through your hands because they were signed by persons other?

A. I cannot tell you.

Q. Have no one else? A. I was not in the habitual [illegible].

Q. Well, I mean, has you been in such [illegible] business. You are a junior clerk, you understand that?

A. Yes, I do.

Q. Did you make accounts as soon as you [illegible] to have been [illegible]? A. Yes.

Q. Now, you have no [illegible] known [illegible] [illegible]

of the competition you were receiving from the Japanese cloth? A. That is right.

Q. Now, on what do you found that? A. That is founded on the reports that we received from our salesmen, coming in from the customers.

Q. Before you made up your mind to discontinue this cloth you had reports from your customers that your cloth was not selling because of the Japanese cloth? A. Yes.

Q. That is correct? A. Yes.

Q. Name me the salesman that so reported to you? A. The report comes from Vancouver.

Q. Name me the salesman, or salesmen that reported to you that they could not sell this cloth sold on Exhibit 468, because of the Japanese cloth?
A. Well, I cannot tell you exactly the salesman that brought in that report.

Q. You may have had several reports from salesmen before you determined to discontinue the making of the cloth ? A. That is a report to the selling department and I am not in the selling department, I am in the manufacturing end.

Q. Well, were there any such reports? A. I cannot say that there were.

Q. When did you discontinue making 468? A. After the 1st of the year.

Q. When? A. Well, along in the month of January.

of the suspicion you have regarding from the Japanese client? A. That is right.

Now, as used to you found that? A. That is founded on the reports that we received from our salesman, coming in from the countryside.

Q. Before you came up your mind to discontinue this cloth you had reports from your salesmen that your cloth was not selling because of the Japanese dislike? A. Yes.

Q. That is correct? A. Yes.

Q. Have the salesmen that so reported to your A. The report came from Vancouver.

Q. Have the salesmen, or salesman that reported to you that they could not sell this cloth sold on Exhibit 489, because of the Japanese dislike?

A. Well, I cannot tell you exactly the salesman that brought in that report.

Q. You may have had several reports from salesmen before you recommended to discontinue the making of the cloth? A. That is a report to the selling department and I am not in the selling department, I am in the manufacturing end.

Q. Well, were there any such reports? A. I cannot say that there were.

Q. When did you discontinue making it? A. About the last of the year.

Q. That? A. Well, about the month of January.

Q. When in the month of January? A. I cannot exactly tell you.

Q. Was it before the expedition to Ottawa? A. I cannot answer that.

Q. Now then, whe can you swear that there was a single yard of that Japanese cloth imported into Canada, or bought in Canada in the month of January? A. I cannot tell you; I cannot say, sir.

Q. And yet you have sworn in the witness box here that you discontinued making the cloth because of the competition you were receiving from the Japanese cloth that is shown on this Exhibit 468? A. Well, that is the information I have received from our salesmen.

Q. Who gave you the information? A. From our Selling Department.

Q. Did the Selling Department tell you that ? A. Yes.

Q. That they had discontinued making that cloth. Who in the Department? A. Mr. Bizzie. He is in the selling department.

Q. Did Mr. Bizzie tell you that? A. I am not so sure that he did, sir.

Q. Well now, look, we have got to get some place, and I must remind you, Mr. Boyd, that you are under oath? A. Yes.

Q. And you have sworn, and sworn repeatedly, that the reason you discontinued making this cloth, 468,

Q. When in the month of January? A. I cannot
[illegible] exactly.

Q. Was it before the expedition to Ottawa?

A. I cannot answer that.

Q. Now then, who can you swear that there was a single yard of that Japanese cloth imported into Canada, or bought in Canada in the month of January?

A. I cannot tell you; I cannot say, sir.

Q. And yet you have sworn in the witness box here that you discontinued making the cloth because of the prosecution and were prevented from making the cloth that is shown on this Exhibit 4897 A. All, that is the information I have received from our [illegible].

Q. Who gave you the information? A. From our selling Department.

Q. Did the selling department tell you that?

A. Yes.

Q. That they had discontinued making that cloth. Who in the department? A. Mr. Dizzle. He is in the selling department.

Q. Did Mr. Dizzle tell you that? A. I am not sure that he did, sir.

Q. Well now, look, we have got to get some place, and I must remind you, Mr. Boyd, that you are under oath? A. Yes.

Q. And you have sworn, and sworn repeatedly, that the reason you discontinued making the cloth, was

was because of the competition that you were receiving from the Japanese cloth shown on Exhibit 468. Now, do you want to withdraw that? A. No, I do not.

Q. You want to stick to it? A. I do.

Q. Then you will get me the accurate date on which you discontinued the cloth shown on Exhibit 468? A. Yes.

Q. You will do that? A. Yes, I will.

Q. Will you get me your production, in 1935, of that cloth, your production record of it, by months? A. Production for 1935?

Q. Yes, please, by months. A. Yes.

Q. And get me the names of all the purchasers, - I want your sales record in 1935 and 1936 of that cloth too? A. Yes.

Q. I want the names of all thepurchasers, and I also want your sales records; A. Yes.

Q. In 1935, and 1936? A. All right.

MR. KELLOCK: Is that the plain, Mr. McRuer?

MR. McRUER: The cloth shown on Exhibit 468.

MR. KELLOCK: I cannot see it, is it the plain?

MR. McRUER: Yes.

THE WITNESS: Will that be sufficient, the record of --

BY MR. McRUER: Q. No, I want what I am asking for. A. Is that the record for 1935 and 1936 on that line, the sales record?

Q. Yes, because you are making a serious statement

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTERS
TORONTO CANADA

Mr. Dopp, I understand you that you have something from the Japanese cloth shown on Exhibit 408.

Now, do you want to withdraw that? A. No, I do not.

Q. You want to stick to it? A. I do.

Q. Then you will get me the accurate date on which you discontinued the cloth shown on Exhibit 408?

A. Yes.

Q. You will do that? A. Yes, I will.

Q. Will you get me your production, in 1955, of that cloth, your production record of it, by months?

A. Production for 1955?

Q. Yes, please, by months. A. Yes.

Q. And get me the names of all the purchasers, - I want your sales record in 1955 and 1956 of that cloth too? A. Yes.

Q. I want the names of all the purchasers, and I also want your sales records. A. Yes.

Q. In 1955, and 1956? A. All right.

MR. KELLOCK: Is that the plain, Mr. Holmes?

MR. HOLMES: The cloth shown on Exhibit 4.5.

MR. KELLOCK: I cannot see it, is it the plain?

MR. [illegible]

THE WITNESS: Will that be sufficient.

[illegible]

MR. [illegible] Q. No, I don't want it [illegible].

Q. [illegible] 1956 and 1955 [illegible].

[illegible]

that you discontinued that line on account of the competition you were receiving from the Japanese line? A. Yes.

Q. Now, I want to fasten on some person the responsibility for that statement. Now, you say that you do not know that it is Mr. Bissie that told you, but I want you to be prepared to say who is responsible for that statement. Are you taking the responsibility for it yourself? A. From the reports that you have received from the Selling Department.

Q. What do you mean by that?

THE COMMISSIONER: Are these reports in writing?

BY MR. McRUER: Q. Are they in writing, Mr. Boyd? A. No.

(Page 7095 follows)

that you discontinued that line on account of the competition you were receiving from the Japanese Line? A. Yes.

Q. Now, I want to fasten on some person the responsibility for that statement. Now, you say that you do not know what it is Mr. Birnie that told you, but I want you to be prepared to say who is responsible for that statement. Are you taking the responsibility for it yourself? A. From the reports that you have received from the Sailing Department.

Q. What do you mean by that?

THE COMMISSIONER: Are these reports in writing?

MR. MCGUIGAN: Q. Are they in writing, Mr. Doyd?

A. No.

(Page 7095 follows)

Q. What do you mean by "from the reports you received from the selling department"? Now, what you have sworn to was that you discontinued selling the goods -- making the goods shown on 468.

THE COMMISSIONER: Well, we will have a recess now.

-- The Commission adjourned for a short recess.

-- On resuming after recess.

MR. KELLOCK: Mr. Boyd, I was going to ask you if you would be good enough to stand down while we complete Dr. Dawson's evidence.

ARTHUR OSBORNE DAWSON(examination resumed)

BY MR. KELLOCK:

Q. Dr. Dawson, you had come to exhibit 467 which was your letter to Mr. Dunning of April 28th, 1936. Is there further correspondence on that subject?

A. I wrote to Mr. Dunning again on May 2nd, that is the next. This is after the budget was brought down. I think it was brought down on the 1st of May.

"Dear Mr. Dunning:

As you no doubt surmised, I was absolutely stunned by the 'knockout' blow you gave the Cotton business when you brought down your Budget yesterday.

The Rayon end of our business that has not been captured as yet by the Japanese competition will now be taken from us by our British friends. However, we are going to keep our flag flying just as long as we possibly can.

Certainly this latest move on the part of

Q. What do you mean by "from the remarks you received from the selling department"? Now, what you have meant to say that you discontinued selling the goods -- selling the goods shown on 468.

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WITNESS DISMISSED (examination)

MR. M. MILLOCK:

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"Dear Mr. Dunning:

As you no doubt surmised, I was absolutely stunned by the 'knockout' blow you gave the cotton business when you brought down your budget yesterday.

The season and of our business that has not been captured as yet by the Japanese occupation will now be taken from us by our British friends. However, we are going to keep our flag flying just as long as we possibly can.

Certainly this latest move on the part of

"your Government is going to be an extremely serious matter for both our shareholders and our employees. We will, of course, have to issue new price lists immediately, which will have to be based on the new competition that will come to us as a result of the recent Tariff changes.

I am writing you at the moment to ask you if you cannot see your way clear to make things just a little bit easier for us by taking off the Excise Tax on our raw material, such as cotton, dye stuffs, and other supplies, that we must bring in from the United States to enable us to carry on our business. It has always been the policy of the Liberal Party to make the cost of production of the manufacturers as cheap as possible to enable them to compete with foreign products. Mr. Rhodes admitted, when he removed the Excise Tax on British cottons that the Excise Tax on our raw materials should also have been removed, but he claimed that the Government needed the money and this is the reason of our being discriminated against in this respect. Now that further important concessions have been made to our British friends, and as they bring in their raw materials free from Excise Tax, do you not think it reasonable that the same privilege should be accorded to the cotton manufacturers of Canada?

Later on when we know just what our real position is going tobe due to Tariff changes I will communicate with you again, but in the

"your government is going to be an extremely serious matter, for both our manufacturers and our employees, will, of course, have to issue new price lists immediately, which will have to be based on the new competition that will come to us as a result of the recent tariff changes.

I am writing you at the moment to see if you cannot see your way clear to make things just a little bit easier for us by taking off the excise tax on our raw materials, such as cotton, dye stuffs, and other supplies, that we must import from the United States to enable us to carry on our business. It has always been the policy of the Minister Party to make the cost of production of the manufacturers as cheap as possible to enable them to compete with foreign products.

Mr. Chobee stated, when he removed the excise tax on British cottons that the excise tax on our raw materials should also have been removed, but he claimed that the Government needed the money and this is the reason of our being discriminated against in this respect. Now that further important concessions have been made to our British friends, and as they bring in their raw materials free from excise tax, do you not think it reasonable that the same privilege should be accorded to the cotton manufacturers of Canada?

Later on when we know just what our real position is going tobe due to Tariff changes I will [illegible] further [illegible], but in the

"meantime if you can see your way clear to remove the Excise Tax on our raw materials we will take note of this concession when issuing our new price list.

Without having had time as yet to study our lines in detail that will be affected by these changes, it would appear as if it would pay us to bring in certain cloths for conversion purposes rather than to make them in our own Mills. I hope, however, that this will not be necessary because, as you can see, it will necessitate the stopping of our carding, spinning and weaving, which in turn would throw a large number of operatives out of work. The unemployment situation is so bad that it will be most unfortunate if we are compelled to close down machinery that we may not be able to operate in competition with our British friends.

I was rather surprised to note that the papers state that these changes in the duties on cotton goods have been recommended by the Tariff Board, because we were given to understand that before any recommendations would be made to the Government steps would be taken to check the accuracy of the costing figures submitted by the British manufacturers as was done in the case of the figures submitted by the Canadian cotton manufacturers. However, this with other matters can be left over for consideration at a later date.

In the meantime we will greatly appreciate it if you can help us in the very desperate position

something if you can see your way clear to remove the Excise Tax on our raw materials to will take some of this concession when issuing our new price list.

Without having had time as yet to study our lines in detail that will be affected by these changes, it would appear as if it would pay us to bring in materials from the [illegible] rather than to make them in our own mills. I may however, that this will not be necessary long as you can see, it will necessitate the stopping of our cotton, spinning and weaving, which in turn would throw a large number of operatives out of work. The unemployment situation is so bad that it will be most unfortunate if we are compelled to close down machinery that we may not be able to operate in competition with our British friends.

I was rather surprised to note that the press states that these changes in the duties on cotton goods have been recommended by the Tariff Board, because we were given to understand that before any recommendations would be made to the Government steps would be taken to check the accuracy of the costing figures submitted by the British manufacturers as was done in the case of the figures relating to the [illegible] industry. This will [illegible] our by last year for consideration at a later date.

In the meantime we will greatly appreciate it

"in which we find ourselves by removing the Excise Tax on our raw cotton and other supplies that we must bring in from the United States."

Q. That will be exhibit number --

THE COMMISSIONER: 475.

EXHIBIT NO. 475: Letter to Hon. Charles A. Dunning from A.O.Dawson dated May 2nd, 1936.

THE WITNESS: I wrote Mr. Dunning again on May 8th, 1936.

"Dear Mr. Dunning,

If you were not such a very busy man I would take the liberty of asking for an interview with you to consider the effect on my own Company, and the Cotton Industry of Canada as a whole, of the recent trade arrangements made with Japan and the United States, and particularly the changes in the Tariff on British Cotton goods as revealed in your Budget presented in the House of Commons on the 1st instant. Because of the fact that your time is so fully occupied I think perhaps it would be more acceptable to you if I should present my views to you in writing and to beg you to make such amendments as are necessary to enable this Industry to maintain its 'place in the sun'.

First I would deal with the Japanese situation. You perhaps recall that I wrote you on April 6th giving you a little of the history of our St.Croix Mill, which is now devoted almost exclusively to the making of Rayon goods. Surely the Japanese

"We wish to find ourselves by producing this
Stocks for on our own outlook and other supplies
that we must bring in from the United States."

. That will be exhibit number --

THE CONSTABLE: 496.

EXHIBIT N. 496: Letter to Mr. R. Ross ...
Dated May 2nd, 1926.

THE WITNESS: I write Mr. Hamilton again on May 4th,
1926.

Dear Sir. Yours,

If I do write his such a week that man I would
make the liberty of asking for an interview with
you to consider the offer on my own Company,
and the Canadian Company of Canada as a whole, of
our Canadian trade arrangements made with Japan and
the United States, and particularly the changes
in the Tariff on Silk as Cotton goods as revision
in Post Budget presented in the House of Commons
on the 3rd instant. Because of the fact that
your time is so fully occupied I think perhaps it
would be most convenient if I can if I should arrange
my visit to you in Toronto and to run in on the way
with such orders as the Canadian Manufacturers
Association is initiating in Canada this
Summer to which I am "going to the map".

THE COMMISSIONER: Do you mean by that
the message meant that I write you on April 6th
1926, which is the letter of the Commissioner to
the making of Tariff Cards. Thank the Commerce

"Government, or the manufacturers of Rayons in Japan, cannot expect Canada to completely sacrifice an industry that means so much to the future development of the country. The Bennett Government, as you are aware, put a valuation for duty purposes on Rayon goods coming from Japan of $1.25 per pound. It could hardly be expected that your Government would retain this valuation although the protection accorded to the Canadian Industry was none too great when one remembers that the wages of Japanese mill operatives run to about90¢ a week, against our minimum wage for expert operatives of $12.00 a week.

May I suggest that Rayon goods coming from Japan shall be subject to a valuation of not less than the following --

All flat fabrics, Taffetas or Satins, bleached or piece dyed, 85¢ per pound.

All crepe yarn fabrics, bleached or piece dyed, $1.00 per pound.

All yarn dyed or printed fabrics, flat or crepe, $1.25 per pound.

You will notice that only in the case of yarn dyed cloths are we suggesting that the old valuation for duty purposes on Japanese goods be maintained."

BY THE COMMISSIONER: Q. Only in connection with what? A. "You will notice that only in the case of yarn dyed cloths. The reason for this is

"our farmers, or the manufacturers of Canada in Japan, cannot expect Canada to completely restrict an industry that means so much to the future development of the country. The Canadian Government, as you know sometimes, put a valuation for duty purposes on Japan goods coming from Japan of $1.25 per pound. It certainly was expected that your Government would remove this valuation although the valuation according to the Canadian Inventory was more than -- great when our manufacturers that the wages of Japanese mill operatives run to $10.00 a week, making our minimum rate for cotton operatives of $14.00 a week.

May I suggest that Japan goods coming from Japan should be subject to a valuation of not less than the following --

All flat goods, fabrics or shirting, dyeded or piece dyed, 50¢ per pound.

All crepe para tabrics, kimono or obi, $1.00 per pound.

All [illegible] material, dyed or piece dyed, $1.00 per pound.

You will notice this only in the case of yarn dyed clothing and I mention that the valuation for duty purposes on Japanese goods be substituted."

By the Commissioner: Q. Why do Canadian mills do so. A. They will notice that only in the case of yarn dyed clothing. The reason for this is

"that we cannot bring the Japanese cost up to anything like our production cost even with this fixed price of $1.25 per pound. Our particular cloth that comes under this category weighs 7.30 yards to the pound, and at $1.25 fixed valuation this would work out at 29.63¢ per yard. Our cost on this is actually 33.03¢, but the cloth could not be manufactured and sold in Canada at less than 40¢ per yard for on such types of seasonal and style fabrics much of the production has to be cleared out at a heavy discount at the end of the season. Any valuation lower than the above named figure would mean such a serious loss that this end of the Industry would have to cease operations entirely. I am therefore hopeful that you can meet this particular situation in the way indicated.

The second matter that comes to my mind, and that is of great importance, is the one I wrote you about on the 2nd instant, viz., the Excise Tax on our raw Cotton and other supplies that we have to buy from the United States. As our English and other foreign competitors do not have to pay this Tax you can see how badly we are handicapped. Either this Excise Tax should be removed from our raw material or it should be restored on British goods that are now exempt from this Tax.

The third point to which I wish to call your attention is to enquire whether it is your

"Wool is a great thing. Mr. Bennett said he to sup-
ply like our wrapping cost even with this
"low price of 21.4c per pound. - Our pulp mills
could then come under this category yielding
7.4c profit to the year, and at 21.5b times
production, that would work out at a.40c per cord
our cost in this is nothing 55.0c. Now the cost
could not be manufactured and sold in Canada it
has been 45c per cord for on such types of
newsprint and quite frankly much of the investigation
has to be carried out in a hurry although it has
and on the cheap. Any variation lower than
the above based 21.4c would mean such a revision
that this end of the industry would have to
cease operations entirely. I am therefore
hopeful that you can meet this particular situ-
ation in the way indicated.

The other matter that comes to my mind,
and that is of great importance, is the one I
wrote you about on the 2nd inst., viz., the
Kraftpaper in our two Cotton and Paper mills
that we have to buy from the United States. In
our English and other Foreign connections we
have to pay 50% tax you can be really to
our benefit. Perhaps this income tax should
be removed from our raw material or it should i
increase on British goods that are now exempt
from duty.

The third point to which I wish to call
your attention is to consider whether it is your

"intention to remove the 10% allowance in the duty on English goods coming direct to Canadian ports. No mention was made of this concession made to Britain when you brought down your Budget, and it may be that it is your intention to have this cancelled. I sincerely hope that this is the case because it is an allowance that I do not think the English mills have ever appreciated, and in the mind of the general public this item is not given any consideration whatever. Everyone supposes that the duties against British Cottons stand as per schedule submitted to the House when your Budged was announced. I doubt if there was a single Member of the House who remembered that these rates were subject to a 10% allowance. Now that such a serious cut has been made in the duty on English Cottons by the entire wiping out of the specffic duties, do you not think it would be quite fair to have this special 10% concession referred to cancelled?

In considering the new duty on English Cottons, we do not forget that while these rates are approximately the same as those announced in your Budget in the year 1930, there is this marked difference -- at that time the price of raw Cotton, and in consequence the price of cotton goods, was much higher than at the present time and of course the lower the prices on which the ad valorem duty is collected the lower the protection accorded thereby. It is this variable factor that a

5 "Yesterday, in proving the 10% allowance in the early
10 as likely goods coming direct to foreign ports.
no doubt, one reason of this unreasonable rule to
exhibit when you brought down your budget, and it
may be that it is your intention to have this
15 corrected. I interpret your that this is the
case because it is an allowance that I do not
think the Railway will have any complaint
20 as to the rate of the general public this item
is not given any consideration whatever. Strange
one appears that the duties imposed indirect
25 taxes should be our economic contribution to the
income from foreign investment. I think
it is the same a single manner of the income tax
30 mentioned that these rates were without the 10%
allowance. You that such a position not been
made in the duty on English goods by the existing
35 right out of the preferential rates, do you not
think it would be quite fair to have this special
10% concession referred to consideration?

In considering the rate duty on English goods
we do not forget that while these rates are
40 considerably the same as those announced in your
budget in the year 1919, there is this marked
difference -- at that time the rates of new duties
45 and in consequence the price of cotton goods,
was much higher than at the present time and of
course the lower the rates on such the at which
50 the Government is laying the duties on
the goods. It is this variable factor that a

"specific poundage duty partly stabilizes.

The fourth item on which I would ask for your consideration is item 561 of the Rayon Tariff. With the complete elimination of the specific duty of 27¢ net under the British Preference, we are left with a duty spread of only 9% between our raw material (18% under Tariff item 558b) and finished woven fabrics (now 27% under item 561). No distinction is made in the case of coloured fabrics as has always been conceded fair in the cotton schedules. As Rayon fabrics for the greater part are coloured, and generally speaking of fine texture, involving a high labour cost, this spread of only 9% is obviously totally inadequate.

I should like to cite one instance as an example. Following a heavy capital outlay on equipment we have developed an extensive trade in suit and coat linings -- rayon and cotton mixtures, about half and half. The weights average 2.40 yards per pound. The cut in duty (27¢ per pound less 2½% increase in ad valorem - say 25¢ per pound) is, therefore, more than 10¢ per yard on goods now selling at from 45¢ to 55¢ per yard.

Even if the rayon yarn manufacturers should give us the full benefit of the reduction in the duty on such goods, which is not at all likely, it would mean a reduction of less than 2¢ per yard in our costs.

Do you not think it would be fair to the Canadian Industry, as well as to the British Manufacturers

"Quality (meaning fully special quality)----

The Tariff Item on which I would ask for your consideration is item 801 of the Customs Tariff. With the complete philosophy of the specific duty of 27½ not under the British Preference, we are left with a duty equal to only 9% between our own material (100% under Tariff Item 801) and finished woven fabrics (now 27½ under Item 801). In other words in spite of a change of circumstances bring about a change in the "quality" of the product, the duty remains the same.

Quality, and generally speaking of fine textures, involves a high labour cost. This amount of only 9% is obviously inadequate.

I should like to give one instance as an example. Following a heavy capital outlay we succeeded in being employed on exhaustive trials in wool and cotton blended -- twill and cotton chalmers, about half and half. The weight averaged 8.60 yards per pound. We put in only 27½ per pound less duty because as a volume - only 4½ yards to the pound, therefore, more than 1½ per yard, we felt we could not pay the duty and profit.

Here is the same cloth manufactured in Canada as the full benefit of the reduction in the duty on wool tariff, which is now 27½ instead of 35, it would result in a protection of less than 8¢ per yard in our costs.

We are not there to argue for duty to the Canadian Industry, as well as to the cotton manufacturer

"if there should be a retention of a reasonable specific duty of say 20¢ a pound? Even at this rate it would be a big concession to the English manufacturers as it is only one-half the rate that was applied to the Intermediate and the General Tariff on this particular item. Surely the United Kingdom does not need a preference of 40¢ a pound and 10% ad valorem over the United States.

I would also be glad if you would consider putting back the ad valorem duty of 17½% on item 523, which is an ordinary Grey Cotton. To remove the entire specific duty on this item of 2¢ per pound, and to reduce the ad valorem at the same time is certainly very drastic. If this item stands as at present I am afraid, as I indicated to you in my letter of the 2nd instant, that we will have to stop our carding, spinning and weaving on this class of cloth and purchase our cloth in England, or possibly in Japan. Only in this way will we be able to compete with concerns like Wm. Robinson & Son of Toronto, who import grey cloths and bleach, dye and nap them in Canada. This would be disturbing to the country as a whole, but if we cannot produce these grey cloths in competition with the English manufacturer there is nothing left for us to do but to follow the line of least resistance and simply become converters rather than cotton manufacturers.

Now, Mr. Dunning, I have written you very

"If there should be a reduction of a twenty-five cents duty or say 20% a pound, then at this rate it would be a big concession to the English manufacturers as it is only re-adding the rate that was applied to the intermediate and the general tariff on this particular item. Surely the United States do not need a protection of 6d a pound on 12d at a time over the entire world.

I would also be glad if you could consider matters, such the 44 volume long 12 1/2d or 1 ton, which is an industry, very large. In twenty the entire consumption duty on this item of 44 pound, and it reduces the 44 volumes to ten volumes is excluding very cheaply. As this item stands at present I am afraid, as I intimated to you in my letter of the 22nd instant, they will have to stop our entire. Looking at matter on this close of 6d the 44 volumes one cent in duty, or roughly 1a item. I am hope they will be able to consider it favorably. Yours, etc. Pudlow & Son of Toronto, are import, per dyche and blood, dye and any dyes in trade. This would be disturbing to the country as a whole but if we could reduce these, my clients in importing the dyes, manufacture, dyes, etc. nothing left for us to do but to follow the line of least resistance and submit, however unwilling, to the duty.

Yours, etc. (signed) J. Alex Patterson, Esq.

"fully and freely as I am sure you would wish me to do, thus putting in black and white what I would have said to you had I asked for a personal interview. I am quite sure that if you will give a little consideration to the importance of this industry you will realize that the request I am now making to you is very reasonable. If you will make the changes suggested and will allow them to operate for a year we will thus be able to demonstrate to you whether the Industry can survive under the changes revealed in the schedule of rates that has recently been put into effect by your Government.

I intended also to deal in this letter with the quotations on cotton goods coming from Japan, but not wishing to weary you by making my letter too long I think I will deal with this particular matter at a little later date. Since the Trade Agreement with Japan was signed Cotton goods have not reached Canada in any volume, but sample lots of a number of different cloths have been purchased and I am quite sure that a little later competition from Japan will become quite as serious on Cotton goods as it at present is on Rayons. However, I will deal with this particular matter in a later letter as no doubt if you are thinking of putting, in the near future, a fixed valuation for duty purposes on Japanese Rayons, as we trust you are, possibly you would like to deal at the same time with the Cotton situation.

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10

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25

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" In the meantime, soliciting your help in the serious problems that confront us, I am".

That is May 8th.

Q. Exhibit 476.

5 EXHIBIT NO. 476: Letter from A.J.Dawson to Hon. Charles A. Dunning dated May 8th, 1936.

THE WITNESS: I addressed him again on May 12th. He had acknowledged my letter.

10 "Dear Mr. Dunning:

I was pleased to receive your letter of the 8th instant in reply to my letter of May 2nd in reference toExcise Tax on our raw materials. Anything that can be done by your Government

15 to enable this industry to continue operating will be greatly appreciated.

We had a call this week from an English textile manufacturer who told us something of the earnest efforts being made by the British

20 Government to encourage the textile industry of that country. He advised us that a couple of years ago, at the request of the British Government, the Town in which he operates was asked not only to reduce the assessment on his

25 property but to collect from him only 25% of the tax based on the reduced valuati on. He advised us that after the Town had made what they considered a fair allowance that the British

30 Government itself paid the Town the balance of the tax. This English manufacturer told us

"In the meantime, soliciting your help in the [illegible] [illegible] [illegible]

"also that this reduction in taxes on English Cotton mills was general throughout the country.

If this information furnished us is correct, and we believe it is, then you can more readily see the kind of competition that we are up against from our English friends. Our taxes, instead of being reduced, are growing year by year. With our costs being increased and the British costs being reduced, one can readily understand how difficult it is going to be for the Canadian Textile Industry to survive.

I am enclosing a copy of an article that recently appeared in one of the trade journals bearing on the question of wages being paid in British cotton mills. When you compare these wages with the wages that we pay in our mills, you will I am sure understand why we need a higher duty rather than a lower duty on Cotton and Rayon goods coming into this country."

This article is offering data on pay in Lancashire mills. It is a cable from the London Bureau, copyright, 1936.

BY THE COMMISSIONER: Q. What is the paper? A. The Fairchild News Service, it is by cable from the London Bureau to the Fairchild News Service which we took from the Daily News Record of New York dated May 4, 1936.

Q. That then is an article from the Daily News Record? A. Yes, we got it from the Daily News Record, an extract. This Record was May 4th,

"plan that this production is based on British cotton mills was general throughout the country.

If this information furnished us is correct, and we believe it is, then you can more readily see the kind of competition that we are up against from our British friends. Our plants, instead of being reduced, are growing year by year. With our costs being increased and the selling costs being reduced, one can readily understand how difficult it is going to be for the Canadian Textile Industry to survive.

I am enclosing a copy of an article that recently appeared in one of the trade journals concerning the question of raising bales in British cotton mills. Then I do ignore those wages so that we pay in our mills, you will I am sure understand why we need a higher duty rather than a lower duty on cotton [illegible] Textile Industry.

This article is entitled Made on Pay in Lancashire mills. It is a cable from the London Bureau, copyright, 1926.

BY THE CHAIRMAN: Q. Is it in the report? A. The Textile News Service. It is by cable from the London Bureau to the Textile News Service which we took from the Daily News Record of New York dated May 4, 1926.

Q. That then is an article from the Daily News Record? A. Yes, we got it from the Daily News Record, it [illegible]

1936.

Q. What date? A. May 4, 1936, and the cable from London was May 3rd, which reads as follows:

"Complete results of the cotton wage census conducted in February by the Amalgamated Weavers Association of Great Britain and now published allege that 16,293 of the 48,134 cotton weavers making returns earned in that month less than 30 shillings a week, 2,093 less than 25 shillings, and 903 less than 20 shillings. Only 854 earned more than 50 shillings a week.

These figures were published to be used at the joint meeting of employers and union representatives to be held, as noted, this Tuesday to discuss the weavers' demand for a 15 per cent increase in wages. The negotiations are expected to be protracted.

The above interpreted means that 20,143 cotton weavers making returns received the following wages - 854 earned more than 50 shillings equal to $12.15 weekly, 16,293 earned less than 30 shillings equal to $7.30 weekly, 2,093 earned less than 25 shillings equal to $6.08 weekly and 903 earned less than 20 shillings equal to $4.87 weekly.

The average wage of the 20,143 weavers making returns shows that they earned the equivalent of $7.27 per week. The average weekly wage of the weavers in the Mills of Canadian Cottons Limited is $18.00, so it can be seen at a glance

"complete results of the cotton yarn section conducted in Montreal by the employees' welfare association of Great Britain and Northern Ireland that 18.8% of the average textile workers earning wages at the rate of less than 25 shillings a week, 6.0% less than 18 shillings and 90% less than 40 shillings. Only 8% earned more than 40 shillings a week."

These figures were published to be used at the joint meeting of employers and union representatives to be held, we understand, this Tuesday to discuss the new years' demand for a 15 per cent increase in wages. The negotiations are expected to be protracted.

The above information means that 20,143 cotton workers until a returns received the following wages - 8% earned more than 40 shillings equal to $8.15 weekly, 16.8% earned less than 40 shillings equal to $7.30 weekly, 6.0% earned less than 18 shillings equal to $6.00 weekly and 90% earned less than 40 shillings equal to $4.17 weekly.

The average wage of the 20,143 cotton workers shows that they earned the equivalent of $5.47 per week. The average weekly wage of the workers in the mills of Canadian centres listed in 910.10, as it can be seen at a glance

"why the cost of manufacturing in the Canadian mills runs higher than in the cotton mills of England."

EXHIBIT NO. 477: Letter to Hon. Charles A. Dunning from A.O. Dawson dated May 12, 1936, with extract from Daily News Record attached.

BY MR. McRUER: Q. Will you let me have the name of that census? Is it the Cotton Wage Census?

A. Cotton wage census conducted in February by the Amalgamated Weavers Association of Great Britain.

BY THE COMMISSIONER: Q. Didn't we hear that before?

A. I am not sure whether that was submitted before.

MR. McRUER: I think we had reference to that.

THE COMMISSIONER: In Montmagny.

MR. McRUER: No, I think itwas here.

THE WITNESS: I referred to it, my lord, because it was attached to Mr. Dunning's letter.

MR. KELLOCK: Mr. Berry tells me, my lord, that we have a copy of the complete figures if your lordship would desire it.

MR. McRUER: There is nothing that tells us how many hours a week they worked.

THE COMMISSIONER: What complete figures?

MR. KELLOCK: Of that census Mr. Dawson has just referred to.

THE COMMISSIONER: Oh yes, if we are having part of it we better have the whole of it.

MR. KELLOCK: I will ask Mr. Berry to get it. You have compiled that letter, Mr. Dawson, exhibit 477. Now, you were going to refer to another letter?

"the cost of manufacturing in the Dominion mills runs higher than in the cotton mills of Lancashire."

Letter to Hon. Sir Wilfrid Laurier, from Sir Thomas Shaughnessy, Montreal (Que.), June 14th, 1909, Exhibit 4.

MR. MONDER: Q. Will you let me have the name of that company? Is it the Cotton Manufacturers Association? A. The company called Canadian Cotton Manufacturers Association, consisting of about twelve mills.

MR. THE COMMISSIONER: Q. Didn't we have that letter? A. I am not sure whether that was published before.

MR. MONDER: I believe it had reference to that.

THE COMMISSIONER: In evidence?

MR. MONDER: I mean some time.

MR. [illegible]: I referred to it, Mr. Lunn, because it was alluded to by Mr. Dunlop's letter.

MR. [illegible]: Have we a copy of the complete figures if you [illegible] would consider it.

MR. MONDER: Have it [illegible] how many hours a week they worked.

MR. [illegible]: Have [illegible]

MR. [illegible]: [illegible] Q. [illegible] if we never have the value of it.

MR. [illegible]: I will ask Mr. Lunn to give it.

Q. Do we [illegible] Mr. Lunn, [illegible] you were going to refer to Mr. [illegible]

A. I addressed Mr. Dunning on May 22nd.

"Dear Mr. Dunning:

Upon my return this morning from a brief business trip to New Brunswick I found awaiting me your kind letter of the 18th instant.

At our St. Croix Mill at Milltown, N.B. I found a rather serious condition in regard to our Rayon production. As our warps are woven out I am afraid there is nothing for us to do but to stop the looms because we cannot allow that plant to continue to increase the loss that it made last year. Within a short time I will send you the actual figures.

The thought of closing that mill down gives me very serious concern, not only for sentimental reasons seeing that New Brunswick is my native Province, but also because many of our workers there own their own homes and the closing of our mill would mean that Milltown would become a deserted village. The situation there has become so serious that I may ask you to accord me a personal interview to discuss the matter at a not distant date."

I think Mr. Dunning then handed this letter to Mr. McRuer.

" We have just received information that Japanese exports of cotton goods for the last nine months totalled 1,961,000,000 yards. What a huge business these people have developed, and there is no doubt but that the textile

A. I answered Mr. Tunney on May 12th.

"Dear Mr. Gunning:

Upon my return this morning from a trip of business only to New Brunswick I found awaiting me your kind letter of the 18th instant.

We met at Cook Hill on Saturday, N.Y. I found a person anxious and willing to learn to use dynamite properly. We had hardly got begun out. I am afraid there is nothing for me to do but to pray the Lord because we cannot allow this plant to continue to burn as it was that it made last year. Taking a month time I will send you the school figures.

The shortage of growing wheat will damn Jews no very serious concern, not only for municipal revenue works, that New Brunswick is an active province, but also because many of our members there own their own farms and the closing of our mill would mean that mill's work would become a deserted village. For an instance there are farms so southern that I may ask you to excuse me a personal interview to discuss the matter at a not distant date."

I think Mr. Gunning then handed this letter to Mr. Barbour.

"Dear Sir:

Mr. Gunning just phoned me from the Lord's Day Alliance office. Mr. Gunning is in Montreal and will be back on Monday. Mr. Gunning wanted to know if we could let him have a few copies of our Sunday Law pamphlet. I told him I would let you know and I would be obliged if you would let me know if you can do so.

Yours truly,

Robt. Bryden

Robt. Bryden
Barrister-at-Law
Fredericton, N.B.

"industry of the world is facing a very serious condition of affairs due to this competition."

Q. Exhibit 478.

EXHIBIT NO. 478: Letter to Hon.C.A.Dunning From A.O.Dawson dated May 22nd, 1936.

THE WITNESS: Then, June 11th, I addressed a letter to Mr. Dunning.

"Dear Mr. Dunning:

I have no doubt but that through one or other of the Departments of the Government you are kept informed as to the importations of Japanese rayons.

I have now before me a letter from our Vancouver agent bearing on this question, and I quote therefrom as follows -

"With reference to Rayon importations, following the last list I gave you there has been a further large shipment and I understand there are some further goods now on the way, which I will get details of shortly. The last shipment of moment contained different lots for parties in Ontario, one of twenty-nine cases and bales and another of thirty-three cases. There were also three cases for Quebec, three cases for the United States and seven cases for Ireland, making a total of seventy-five cases. I am afraid the next list will show a greater movement, so that it is useless for us to think our Japanese friends are keeping quiet in this matter'."

BY MR. McRUMR: Q. What is the date of this?

"Industry of the world is facing a very serious condition of affairs due to this competition."

Q. Exhibit 479.

[illegible]

[illegible] Tuesday, 1936.

[illegible] THE WITNESS: Then, June 11th, I endeavored a letter to Mr. Tunning.

Mr. [illegible]:

I have no doubt but that through one or other of the Departments of the Government you are kept informed as to the importations of Japanese rayon.

I have now before me a letter from our Vancouver agent bearing on this question, and I quote therefrom as follows -

[illegible]

the last list I gave you there has been a further large shipment and I understand there are more further goods now on the way, which I will get details of shortly. The last shipment of moment contained different lots for various in America, one of twenty-nine cases and bales and another of thirty-three cases. There were also three cases for Cuba, three cases for the United States and seven cases for Ireland, making a total of twenty-five cases. I am afraid the Japanese Government [illegible] ment, so that it is useless for us to talk [illegible] -line'."

BY MR. [illegible]: What is the date of that

A. June 11th.

BY THE COMMISSIONER: Q. That is to Mr. Dunning? A. To Mr. Dunning.

MR. KELLOCK: 479, my lord.

THE COMMISSIONER: 479.

EXHIBIT NO. 479: Letter to Hon. C.A.Dunning from A.O. Dawson dated June 11, 1936.

THE WITNESS: I think to make the picture complete I should read a couple of letters I addressed to Mr. Illsley, one of which I referred to in my letter to Mr. Dunning. The first one was dated March 10, 1936.

THE COMMISSIONER: Exhibit 480.

EXHIBIT NO. 480: Letter to Hon.J.L.Illsley from A.O.Dawson dated March 10, 1936.

THE WITNESS: "I wish now to thank you for your letter of the 9th instant in regard toJapanese competition."

BY THE COMMISSIONER: Q. What is the date of that letter? A. March 10, 1936 to Mr. Illsley, the Minister of National Revenue.

"I realize how difficult it is for the Government to solve this problem that has arisen. I really cannot see, however, why Japan should seriously object to Canada putting a valuation for duty purposes on goods that she is desirous of sending into this country. I understand that even the country that we used to call 'Free Trade England' has made a ruling that any rayon imported into the British Isles cannot be valued at less than 3s 6d per pound. If this be so, and I

"believe it is, then because of the fact that the wages in Canada are so much higher than the wages paid in England when Japanese rayons come into Canada they should be valued at not less than $1.00 per pound, as compared with a valuation of $1.25 per pound fixed by the Bennett Government.

While all those of us who are connected with the Textile Industry naturally are anxious to protect our shareholders, yet I am sure that the paramount feeling existing is that our workers should not be thrown out of employment and compelled to go on the dole. For instance, in my own Company a great many of our operatives have been with us many years and many of them also own their own homes. I am sure it is difficult for anyone to appreciate just what it is going to mean to these people to be thrown into idleness, which inevitably must be the case of these Japanese importations are not curtailed by some form of legislation.

I am taking the liberty of enclosing an extract from the April 1st, 1935 issue of "Commercial Osaka"-- well, I read that in the letter to Mr. Dunning.

"The article in question is entitled 'What Makes Japanese Cotton Industry Dominate Over the World'. There are some very frank statements in this article and there are some admissions therein that I hardly expected our Japanese friends to make. You will

"believe it is, then because of the fact that the wages in Canada are so much higher than the wages paid in England when Japanese rayons come into Canada they should be valued at not less than $1.00 per pound, as compared with a valuation of $1.25 per pound fixed by the Bennett Government.

"While all those of us who are connected with the Textile Industry naturally are anxious to protect our shareholders, yet I am sure that the paramount feeling existing is that our workers should not be thrown out of employment and compelled to go on the dole. For instance, in my own Company a great many of our operatives have been with us many years and many of them also own their own homes. I am sure it is difficult for anyone to appreciate just what it is going to mean to these people to be thrown into idleness, which inevitably must be the case of those Japanese importations are not curtailed by some form of legislation.

I am taking the liberty of enclosing an interesting article, the issue of "Commercial Chemistry" -- well, I read that in the letter to Mr. Manning.

The article in question is entitled "What Makes Japanese Cotton Industry Dominate Over the World". There are some statements in this article and there are some admissions therein that I have expected our Japanese friends to make. You will

"notice that the writer of the article in question admits that the daily wage of the female cotton mill operative is about 15¢ and that male workers are paid about 25¢ per day. These Japanese people too seem to have a clever way of preventing any of their workers growing old in the service, which would necessitate paying them a higher wage. The work in these Japanese mills seems to be done largely by young girls drawing the minimum wage. In fact, they appear to work under a system that is pretty nearly akin to slavery.

After reading this article you can understand why the Textile Industry of Canada is tremendously concerned over this Japanese competition.

While this Company is providing a pension and insurance scheme for our workers, the Japanese cotton mills, according to their own confession, eliminate all old and better paid employees so as to keep their costs down to the minimum.

I am also enclosing with this letter an excerpt taken from the Vancouver 'Province' entitled 'Trade With Japan'. I do not know just when this article was written, but I believe it was sometime in the year 1935. I think what Mr. Winch says in this article is worthy of note."

I don't think that I have that.

"On several occasions in discussing this Japanese menace with some of our British Columbia friends I have called their attention to the fact that they have been somewhat inconsistent in their attitude

"notice that the writer of the article in question admits that the daily wage of the female cotton mill operative is about 18¢ and that male workers are paid about 25¢ per day. These Japanese people too seem to have a clever way of preventing any of their workers growing old in the service, which would necessitate paying them a higher wage. The work in these Japanese mills seems to be done largely by young girls drawing the minimum wage. In fact, they appear to work under a system that is pretty nearly akin to slavery.

After reading this article you can understand why the Textile Industry of Canada is tremendously concerned over this Japanese competition.

[illegible] and insurance schemes for our workers, the Japanese cotton mills, according to their own confession, eliminate all old and better paid employees so as to keep their costs down to the minimum.

I am also enclosing with this letter an excerpt taken from the Vancouver 'Province' entitled 'Trade with Japan'. I do not know just when this article was written, but I believe it was sometime in the year 1926. I think what Mr. [illegible] says in this article is worthy of note."

I don't think that I have that.

"On several occasions in discussing this Japanese menace with some of our British Columbia friends I have called their attention to the fact that [illegible] have been somewhat inconsistent in their attitude

"to this question in that they have for years insisted upon an absolute embargo on the importation of Japanese into British Columbia because of their low living standard and the unfair competition of xlabour which would result but, they do not hesitate to advocate freer entry of goods made in Japan by this same low-priced labour regardless of the consequences of this competition on Canadian workers in our industrial centres.

It has been said too, and this statement has never been disputed, that when Japanese interests have made contracts in British Columbia for newsprint they insist that a certain proportion of the workers in these paper mills should be Japanese. We have been told too that the fish exported from British Columbia to Japan are for the most part caught by Japanese people in Japanese boats with Japanese equipment.

In any case, we must not overlook the fact that when Japan imports goods from Canada it is her raw material that she must buy somewhere outside her own country and she might just as well purchase these goods in Canada as elsewhere. On the other hand, such goods as are imported into Canada from Japan are manufactured goods that directly compete with goods manufactured in the mills of this country.

All of us who are interested in the Textile Trade of Canada are earnestly hoping that your colleagues and yourself will find some way of

To this question in that they have for years insisted upon an absolute embargo on the importation or Japanese into British Columbia because of their low living standards and the unfair competition of labour which would result but, they do not hesitate to advocate lower duties on goods made in Japan by this same low-priced labour regardless of the consequences of this competition on Canadian workers in our industrial centres.

It has been said too, and this statement has never been disputed, that when Japanese interests have made contracts in British Columbia for newsprint they insist that a certain proportion of the workers in these paper mills should be Japanese. We have been told too that the fish exported from British Columbia to Japan are for the most part caught by Japanese people in Japanese boats with Japanese labourers.

In any case, we must not overlook the fact that when Japan imports goods from Canada it is for raw material that we must buy somewhere outside her own country and she might just as well purchase these goods in Canada as elsewhere. On the other hand, such goods as are imported [illegible] that directly compete with goods manufactured in the mills of this country.

All of us who are interested in the textile trade of Canada are earnestly hoping that your colleagues and yourself will find some way of

"correcting what has developed into a very serious situation for both the employees and shareholders of this important Canadian industry.

P.S. In figuring the value of importations from Japan as compared with our exports to Japan, is it not a fact that a large quantity of Japanese silk that is brought into Canada via New York is not taken into account, which of course it should be? I presume there must be some way of ascertaining just what the value of these importations of silk really is"

Again I addressed a letter to Mr. Ilsley on March 19, 1936.

"Dear Mr. Ilsley,

I am enclosing a copy of a letter just to hand from our Vancouver agent, together with a sample of rose coloured Jacquard Japanese Rayon referred to therein, and which you will note is being sold at 16½¢, f.o.b. Vancouver, including sales tax.

I am attaching to this Japanese cloth a sample of our yellow coloured Dobby Rayon for comparison. The construction of these two cloths is practically the same.

Please notice how impossible it will be for us to sell any more of these goods in competition with Japan because our cloth costs us so much more to make. Our cost for a cloth like the yellow sample is 23¢ per yard, with no margin of profit to pay dividends to our shareholders,

"correcting what has developed into a very serious situation for both the employees and shareholders of this important industry.

P.S. In figuring the value of importations from Japan as compared with our exports to Japan, is it not a fact that a large quantity of Japanese silk that is brought into Canada via New York is not taken into account, which of course it should but I presume there must be some way of ascertaining just what the value of these importations of silk really is.

Again I addressed a letter to Mr. Haley on March 19, 1938.

"Dear Mr. Haley,

"I am enclosing a copy of a letter just to hand from our Vancouver agent, together with a sample of true coloured Japanese Rayon referred to therein, and which you will note is being sold at 18¢, plus Exchange, landing duty and freight.

I am attaching to this Japanese cloth a sample of our yellow coloured Tubby Rayon for comparison. The construction of these two cloths is practically the same.

Please notice how impossible it will be for us to sell any more of these goods in competition with Japan because our cloth costs us so much more to make. Our cost for a cloth like the Italian sample is 24¢ per yard, this is actually in our warehouse in Montreal.

"to which they are entitled in return for the capital invested. To provide the laid down price in Vancouver, as is quoted by the Japanese, we must add 6% sales tax and the freight from our mill to Vancouver. Taking these into consideration it is estimated that our landed price in Vancouver would be at least 24-7/8¢.

I would also call your attention to the fact that the Japanese cloth is a floral design, which can only be provided by a jacquard loom. Not having any jacquard equipment we have to weave our cloth in a Dobby pattern as per sample. If the Japanese mills were to weave this cloth in a Dobby pattern instead of in a Jacquard pattern, which of course they could do, then their cost would be considerably less than for the sample submitted. The probability is that a cloth woven in a Dobby pattern rather than in a Jacquard pattern would mean a saving of two to three cents per yard.

However, eliminating this view of the matter altogether, you will notice that their selling price is about 8½¢ per yard less than our selling cost."

That is, their selling price was 8½¢ less than our selling cost.

" These low Japanese prices being quoted all over the world are the reason why practically all the nations are finding that no tariff can be made high enough to keep such goods out of their country

"to which they are entitled in return for the capital invested. To provide the laid down price in Vancouver, as is quoted by the Japanese, we must add 6% sales tax and the freight from our mill to Vancouver. Taking these two considerations it is estimated that our landed price in Vancouver would be at least 44-7/8¢.

I would also call your attention to the fact that the Japanese cloth is a floral design, which can only be produced by a jacquard loom. Not having any jacquard equipment we have to weave our cloth in a dobby pattern as per sample. If the Japanese mills were to weave this cloth in a dobby pattern instead of in a jacquard pattern, which of course they could do, then their cost would be considerably less than the landed price submitted. The probability is that a cloth woven in a dobby pattern would be a saving of two to three cents per yard.

However, eliminating this view of the matter altogether, you will notice that their selling price is about 8½¢ per yard less than our selling cost.

That is, their selling price was 8½¢ less than our selling cost.

"These low Japanese prices being quoted all over the world are the reason why practically all the nations are finding that no tariff can be made high enough to keep such goods out of their country

"and have resorted to the expedient of placing on all Japanese-produced goods a fixed value for duty purposes. I understand too that in addition to these restrictions some countries fixed a quota regulating the quantity of Japanese goods that can be imported in any one year.

I would like to call your attention also to the fact that these goods are being sold in Vancouver by an agent of the Japanese mills. Now, I submit that fraud would be eliminated if Japanese goods had to be shipped direct from the manufacturer or merchant in that country to a manufacturer or merchant in this country, in that every man who made a purchase would have the invoice shown in yen. As these goods are sold to our merchants now delivered in their warehouse at a fixed price including all charges, one has no opportunity of checking up what the correct price of these goods is in yen. By selling at fixed laid down prices it looks very much as if the Japanese exporter is attempting to cover up costs as one cannot possibly tell what arrangement these people may have with their agents in this country. In other words, an arrangement could easily be made for the agent to remit to Japan a larger amount than the invoice for duty purposes calls for.

As we can make no further sales of such lines of Rayons as the Japanese are offering in this market, there is nothing left for us to do but to close down our looms as the work in these

"and have resorted to the expedient of placing on all Japanese-produced goods a fixed value for duty purposes. I understand too that in addition to these restrictions some countries fixed a quota regulating the quantity of Japanese goods that can be imported in any one year.

I would like to call your attention also to the fact that these goods are being sold in Vancouver by an agent of the Japanese mills. Now, I submit that there should be allowed to any person, be he an agent or not, from the manufacturer or merchant in that country to a manufacturer or merchant in this country, in that every man who made a purchase would have the invoice in his hands. As these goods are sold to our merchants now delivered in their warehouse at a fixed price including all charges, one has no opportunity of checking up what the correct price of these goods is in yen. By selling at fixed laid down prices it looks very much as if the Japanese exporter is attempting to cover up costs as one cannot possibly tell what arrangement those people may have with their agents in this country. In other words, in principle, it would be in duty to the agent to remit to Japan a larger amount than the levying for duty purposes calls for.

As we can make no further sales of such lines of Rayons as the Japanese are offering in this market, there is nothing left for us to do but to close down our looms as the work in these

"looms runs out. This you will recognize is a very serious matter for both our employees and our shareholders, and of course it will only be a matter of time until our employees, bereft of their jobs, will be compelled to seek public relief, which is already a serious burden on the country."

BY MR. McRUER: Q. What is the date of that letter? A. March 10th.

MR. KELLOCK: Exhibit 481.

THE COMMISSIONER: Exhibit 481.

EXHIBIT NO. 481: Letter to Hon.J.L.Ilsley from A.O.Dawson dated March 19, 1936.

THE WITNESS: The copy of letter referred to is from our agents in Vancouver and is dated March 14th, in which he says:

"... I am enclosing sample of Japanese Rayon which I bought at the Hudson's Bay Co. this morning. This is the first I have seen offered for sale on the retail counter. The price they are selling at is 29¢ and it costs them, I believe, 16½¢ f.o.b. Vancouver, tax included, and was purchased through a Japanese importer who imported the cloth here. The importer's name is Deshaw Co. Ltd., 325 Howe Street.

I understand that the Bay bought a 30 piece bale of 30 different colours so that, no doubt, in quantities this same cloth will be offered at a lower price. They are showing considerably more than 30 colours, I believe, but I could not

"Home Rule Act". This will recognize the very serious matter for both our employees and our shareholders, and of course it will only be a matter of time until our employees, benefit of their jobs, will be compelled to seek public relief. This is already a serious burden on the country."

Mr. D. DOUGLAS: Q. What is the date of that letter?

A. March 10th.

Mr. [illegible]: Thank you.

Mr. [illegible]: Thank you.

Mr. [illegible]: Thank you.

Mr. [illegible]: Q. [illegible]

A. [illegible]

Mr. [illegible]: [illegible] : The copy of letter referred to is from our agents in Vancouver and is dated March 14th, in which he says:

" I am enclosing sample of Japanese [illegible] which I bought at the [illegible]'s Co. this morning. This is the first I have seen offered for sale on the retail market. [illegible] [illegible] 14th [illegible], Vancouver, has included, and was purchased through a Japanese importer who imported the cloth here. The importer's name is [illegible], 25 Home Street.

[illegible] sample of 30 different colours so that, no doubt, in quantities this sort [illegible] be offered at a lower price. They are selling [illegible] more than 30 colours, I believe, but I could not

"find out definitely. I remarked that it seemed strange this firm had been able to clear this material and get it through Customs as others advised me that they could not get a definite ruling. The clerk told me that it did seem strange as others who are trying to import plain cloths were having difficulty in getting them through."

Again I addressed Mr. Illsley on March 23rd.

"In further reference to the price of Japanese Rayon about which I wrote you on the 19th instant, we have today received a further letter from Mr. Thomson, our Agent in Vancouver, bearing on this question, a copy of which I am attaching hereto.

It seems quite remarkable that the Japanese should sell this line to Spencers at 13-3/4¢ and at the same time charge the Hudson's Bay Company 16½¢. If the Japanese are really delivering this cloth in Vancouver at 13-3/4¢ it makes the position of the Canadian manufacturer of these goods just that much worse.

I have no doubt but that the Government will take whatever steps are necessary to ascertain what the Deshaw Company Limited is paying for these goods in Japanese money, and why there is such a variation in the prices charged to Canadian merchants"

The letter from our agents is one dated March 18th.

" Since writing you on the 14th instant and sending samples of the Japanese Brocaded Rayon, I have seen this cloth displayed for sale in Spencer's Downstairs Store. Mr. Spencer advised

"find out definitely. I remarked that it seemed strange this firm had been able to clear this material and get it through Customs as others advised me that they could not get a definite ruling. The clerk told me that it did seem strange as others who are trying to import plain cloths were having difficulty in getting them through."

Again I addressed Mr. Illsley on March 23rd.

" In further reference to the price of Japanese rayon cloth which I wrote you on the 14th instant, we have today received a further letter from Mr. Thomson, our agent in Vancouver, bearing on this question, a copy of which I am attaching hereto.

It seems quite remarkable that the Japanese should sell this line to Canada at 13-3/4¢ and at the same time charge the Hudson's Bay Company 16¢. If the Japanese are really delivering this cloth in Vancouver at 13-3/4¢ it makes the position of the Canadian manufacturer of these goods just that much worse.

I have no doubt but that the Government will take whatever steps are necessary to ascertain what the Hudson Company United is paying for these goods in Japanese money, and why there is such a variation in the prices charged to Canadian purchasers."

The letter from our agents is one dated March 18th.

" Since writing you on the 14th instant and quoting landing of the Japanese rayon, I have seen this cloth displayed for sale in Hudson's Bay's Department Store. Mr. Spencer called

"me that the cloth cost him 13-3/4¢ laid down in Vancouver. I also found out he had purchased his material from the same company as the Bay, the Deshaw Co. Ltd. You will notice the variance in price at which they sold the exact same line to Spencers and the Bay.

Spencer's selling price on the cloth is .25¢. Out of curiosity I looked at the Bay's ticket again and they have changed their to meet the competition and are also offering it at .25¢."

Another letter from Vancouver dated March 17th addressed to myself.

"With further reference to the Japanese situation in regard to lumber, itis hard sometimes to get exact information on these things. However, I had the opportunity of seeing a confidential file"--

I think perhaps I read that.

BY THE COMMISSIONER: Q. Yes, you read that.

A. Here he speaks of that Canadian Lumber Company that has been organized. He says:

"A Canadian Lumber Company, Limited, has been inaugurated at the Sumitomo Bank Building, Nihonbashi, Tokyo, with a capital of 1,000,000 yen fully paid up. The timber resources in Queen Charlotte Island is reported to be estimated at 100 million B.M. valued at over 5 million dollars. The following persons have unofficially been named members of the Directorate", and it gives the names of the Japanese.

Q. You say this directorate is all Japanese?

A. Yes. It gives their names, Fukukawa, Takeichi,

"We have the other pamphlet [illegible] also from in Vancouver. I also found out he had purchased his material from the same company on the day, the Newham Co. Ltd. You will notice the variance in price at which they sold the exact same line to Spencers and the May.

Spencer's selling price on the cloth is .49½. But by curiosity I looked at the May's ticket again and they have changed their to meet the competition and are also selling it at .49½."

Another letter from Vancouver dated March 17th referred to myself.

"With further reference to the Japanese situation in regard to lumber, life must sometimes be got exact information on these things. Moreover, I am the opportunity of seeing a confidential file"--

I think perhaps I read that.

BY THE COMMISSIONER: Q. Yes, you read that.

A. Here he speaks of that Canadian Lumber Company that has been organized. He says:

"A Canadian Lumber Company, Limited, has been incorporated at the Hastings Park building, [illegible] Vancouver, with a paid up [illegible] per fully paid up. The timber resources in Queen Charlotte Island is reported to be [illegible] at 100 million B.M. valued at over 5 million dollars. The following persons have unofficially been named members of the directorate", and it [illegible] names of the Japanese.

Q. You say this directorate is all Japanese?

A. Yes. It gives their names, Vancouver, Tokyo,

Shimizu, and so on.

"A lumber tract on Queen Charlotte Island secured some years ago and owned by one Fukukawa - he was not allowed to export to Japan. Managing Director of Oji Paper Company and representative came to B.C. and secured the approval of the Provincial Government to export. Delivery and cutting of timber has been contracted for between the owner and Oji Paper Company. This was undertaken because an agreement was reached between Canada and Japan that mutual surtaxes be abolished. Spruce pulp acres 250 to300 million cubic feet. Mr. Takechi, Tokyo lumber merchant and president of Oji Company, coming to supervise the undertaking."

That is evidently taken from some Japanese paper.

MR. KELLOCK: Exhibit 482, my lord.

EXHIBIT NO. 482: Letter to Hon.J.L.Illsley from A.O.Dawson dated March 23, 1936, also two letters to A.O.Dawson from Vancouver agent.

BY MR. KELLOCK: Q. Dr. Dawson, have you any information as to the view of other Canadians in the industry with regard to Japanese competition besides your own company? A. I think perhaps I should submit here a copy of a letter -- I might say, my lord, that I am somewhat handicapped in handling this matter because at my age it is well for a man to unload some of his responsibilities, which I have been trying to do, and unfortunately our general manager, Mr. Tolmie, has been ill, and I have had to

Kohlmiwu, and so on.

"A lumber deal on Queen Charlotte Islands started some years ago and owned by one Kuhnuna - he was not allowed to export to Japan. Hanegling Tiroeto of Oji Paper Company and representative came to B.C. and secured the approval of the provincial government to export. Delivery and cutting of timber has been contracted for between the owner and Oji Paper Company. This was undertaken because an agreement was reached between Canada and Japan that mutual surtaxes be abolished. Spruce pulp saves 250 to300 million cubic feet. Mr. Takeoki, Tokyo lumber merchant and president of Oji Company, coming to supervise the undertaking."

That is evidently taken from some Japanese paper.

MR. KINNOCK: Exhibit 488, my lord.

EXHIBIT NO. 488: Letter to Hon.I.C.Tilley from A.D.Dawson dated March 22, 1936, also two letters to A.D.Dawson from Vancouver agent.

BY MR. KINNOCK: Q. Mr. Dawson, have you any information as to the view of other Canadians in the industry with regard to Japanese competition [illegible] your [illegible]? A. I think perhaps I should submit here a copy of a letter -- I might say, my lord, that I am somewhat handicapped in handling this matter because at my age it is well for a man to unload some of his responsibilities, which I have been trying to do, and unfortunately [illegible] Mr. Tolmie, has been ill, and I have had to

try and pick up the loose threads. He has had to go away on a holiday and then had to come back and have an operation, so I had him prepare for me a statement in regard to the situation because as I say he was better informed than I, and if you would be interested I would be glad to read this statement that he has prepared for me. Would you care to have it?

MR. KELLOCK: I think his lordship will admit it.

THE COMMISSIONER: Alright, read that.

BY MR. McRUER: Q. Will Mr. Tolmie be available? A. He has still got a swollen face. He has had an operation on the sinus.

THE COMMISSIONER: You can read the statement.

THE WITNESS: Here is what he prepared. This statement is dated February 24, 1936, before he left for a trip to the West Indies.

Q. What is his name? A. Tolmie.

Q. Exhibit 483.

EXHIBIT NO. 483 Statement headed "Notes on Japanese 'Peril'".

THE WITNESS: He headed it "notes on Japanese Peril.

BY THE COMMISSIONER: Q. What is the date of it? A. February 24, 1936. This is his statement handed to me.

" The Japanese situation on both Rayon and Cotton fabrics is becomming increasingly serious each day. I shall first refer to Japanese offerings of a somewhat low-grade Taffeta 27" wide. Free offerings of this cloth early in

try and pick up the loose threads. He has had to go away on a holiday and then had to come back and have an operation, so I had him prepare for me a statement in regard to the situation because as I say he was better informed than I, and if you would be interested I would be glad to read this statement that he has prepared for me. Would you care to have it?

MR. HALLOCK: I think his lordship will admit it.

THE COMMISSIONER: Alright, read that.

BY MR. McGUIGAN: Q. Will Mr. Tolmie be available?

A. He has still got a swollen face. He has had an operation on the sinus.

THE COMMISSIONER: You can read the statement.

THE WITNESS: Here is what he prepared. This statement is dated February 24, 1936, before he left for a trip to the West Indies.

Q. What is his name? A. Tolmie.

Q. [illegible]

EXHIBIT NO. 483 Statement headed "Notes on Japanese Textil"

THE WITNESS: He headed it "Notes on Japanese Textil.

BY THE COMMISSIONER: Q. What is the date of it? A. February 24, 1936. This is his statement headed as so:

" The Japanese situation on both Rayon and Cotton fabrics is becoming increasingly serious each day. I shall first refer to Japanese offerings of a somewhat low-grade Taffeta 27" wide. Free offerings of this cloth early in

"January at ridiculously low prices threw our whole market into an actual panic, as a result of which it has been practically impossible to make sales ever since. The effect is naturally being felt not only in all other qualities of Rayons, but in Cotton goods as well, and buyers are afraid to make forward commitments for fear of being caught with stocks of Canadian goods bought at prices much above those that may be quoted any day by Japanese importers.

In the 27" Taffeta which we manufacture under range #9990, and in the same quality 36" wide as our range #9970, we sold for the entire Spring and Fall seasons of 1935, 11,361 pieces (averaging 37 yards per piece). At the 1st of January, a short time before we stopped production on these two ranges, we had a total stock of 4,937 pieces. The above stock includes about 10% of the total in process or manufacture which has to be woven out, and also includes a few hundred pieces of goods sold for forward delivery which we had to include owing to the fact that cancellations were being received. It will be seen from the above that at the time production was discontinued we had a stock equivalent to 43% of an entire year's sales. We were subsequently able to book small orders here and there by guaranteeing customers that we would either meet Japanese values when the Japanese goods were actually available to them, or that we would take goods whic

"January 1st ridiculously low prices from our whole market into an actual panic, as a result of which it has been practically impossible to make sales ever since. The effect is naturally being felt not only in all other qualities of sayons, but in cotton goods as well, and buyers are afraid to make forward commitments for fear of being caught with stocks of manufacturing goods bought at prices much above those that may be quoted any day by Japanese manufacturers.

In the 27" Taffeta which we manufacture under range 8290, and in the same quality 36" which we our range 8270, we sold for the entire Spring and Fall Seasons a total of [illegible] (equal 27 yards per piece). At the last of a short time before we stopped production on these two ranges, we had a total stock of 4,327 pieces. The above stock includes about 10% of the total in process or manufacture which has to be woven out, and also includes a few hundred pieces of goods sold for forward delivery which had to include owing to the fact that cancellations were being received. It will be seen from the above that at the time production was discontinued we had a stock equivalent to 4000 of our customer's sales. We were subsequently able to [illegible]

"they still have in stock off their hands."

Since that time, I might say, we have had to do that.

"Today we were advised by Greenshields, Hodgson, Racine of Montreal that they would expect us to carry out our guarantee as some of the Japanese cloth had actually arrived in Montreal."

BY THE COMMISSIONER: Q. Did I understand you to interject you had to take back some?

A. Since this letter was written I have a side note here "had to do this for Vancouver firm".

BY MR. McRUER: Q. Have you any correspondence about that? A. I think, Mr. Boyd, there was a letter, was there not?

MR. BOYD: Yes.

THE WITNESS: Would you care to have that?

MR. McRUER: Surely.

THE WITNESS: "I am enclosing herewith copies of two letters received this morning from Winnipeg, one dated the 21st instant advising of quotations made to the T. Eaton Company at that point for 27" Taffeta, and the other dated the 22nd instant intimating that Western Dry Goods Limited of Regina would not take up goods which they had on order with us on account of the low Japanese quotations.

We have already furnished the Customs Department with detailed cost of production showing that it costs us 17.41¢ per yard, f.o.b. Milltown, N.B., to produce the 27" Taffeta which we ordinarily sell at 19¢, and for large orders as low as 18½¢. We are not offering our goods at reduced

"they still have in stock off their hands."

Since that time, I might say, we have had to do that.

"Today we were advised by Greenshields, Montreal, Montreal that they would expect us to carry out our guarantee as some of the Japanese cloth had actually arrived in Montreal."

BY THE CHAIRMAN: Q. Did I understand you to interject you had to take back some?

A. Since this letter was written I have a file note here "had to do this for Montreal firm".

BY MR. BOULTON: Q. Have you any correspondence about that? A. I think, Mr. Hogg, there was a letter, was there not?

Q. A. Yes.

BY MR. HOGG: Would you care to have that?

A. Yes.

THE WITNESS: "I am enclosing herewith copies of two letters received this morning from Simpson, one dated the first instant advising of quotations made to the T. Eaton Company at that point for 2 Tattets, and the other dated the 22nd instant instructing that Western Dry Goods Limited of Regina would not take up goods which they had on order with us on account of the low Japanese quotation.

We have already furnished the Customs Department with certified copy of production showing it costs us 17.41¢ per yard, f.o.b. Milltown, N.B., to produce the 27" Tattets which we ordinarily sell at 19¢, and for large orders as low as 18¢. We are not offering our goods at reduced

"prices at the moment in the hope that action will be taken to prevent the sale of Japanese goods at such ruinous prices, but if eventually nothing is done we will make a clear loss of at least $10,000 on the stock we have on hand, in addition to having lost all business meanwhile.

As already stated, the sale of other and better qualities of Rayons has been seriously affected by the Japanese situation, and although we kept on our normal full production for some time, I felt upon reviewing the sales and stock situations on February 7th that regardless of the effect on employment and mill earnings, we could not justify ourselves in keeping up this production. On two better qualities of Rayon Taffeta known respectively as our ranges M8950 and M8955, on which we were running the limited number of looms in our organization suited for the most economical production of those qualities, I felt compelled to request the mill to reduce operations to a single shift, or in other words, only one-third of normal production. I find that on these two qualities, which were very much alike, we had booked orders during the entire Spring and Fall seasons of 1935 totalling 36,155 pieces of 35 yards each, against which we had an unsold stock, including goods in process, of 13,899 pieces. This stock represents about 38% of sales for the whole of last year.

Last year's sales on all four ranges of Taffetas mentioned above would give employment to approximate-

"prices at the moment in the hope that action will be taken to prevent the sale of Japanese goods at such ruinous prices, but if eventually nothing is done we will make a clear loss of at least $10,000 on the stock we have on hand, in addition to having lost all business meanwhile.

As already stated, the sale of other and better qualities of Rayons has been seriously affected by the Japanese situation, and although we kept on our normal full production for some time, I felt upon reviewing the sales and stock situations on February 7th that regardless of the effect on employment and mill earnings, we could not justify ourselves in keeping up this production on two better qualities of Rayon Taffeta known respectively as our ranges M8960 and M8985, on which we were running the limited number of looms in our organization suited for the most economical production of those qualities. I felt compelled to request the mill to reduce operations to a single shift, or in other words, only one-third of normal production. I find that on these two qualities which were very much alike, we had booked orders during the entire Spring and Fall seasons of 1928 [illegible] which we had an unsold stock, including goods in process, of 10,899 pieces. This stock represents about 38% of sales for the whole of last year.

Last year's sales on all four ranges of Taffeta mentioned above would give employment to approx-

"ly 75 workers in all departments. It must be obvious, however, that this curtailment in some of the larger volume lines wihl so increase our overhead and cost of production for the balance of our ranges that we will shortly be forced to stop operations on these other lines, and to shut down entirely machines in certain departments like dyehouse and finishing room that can now be kept only partially occupied.

Let us now turn to the Cotton end, also at our St. Croix Mill (Milltown, N.B.). The largest class of cotton goods which we still make is ginghams, upon which at one time practically the whole mill was operated. Of recent years there has, of course, been a pronounced style change from ginghams to other types of cotton fabrics and to rayon materials, and of this reduced market Lancashire during the last two or three years has probably supplied 75%. This and other heavy importations of coloured woven goods from the United Kingdom is not properly reflected in the Customs returns showing the importations under the heading of 'Coloured Woven Goods' for undoubtedly there is much confusion between these fabrics and other coloured Cotton goods which enter under the one general Tariff Item 523B. I am enclosing herewith cuttings of two qualities of ginghams now offered from Japan together with price lists giving certain details regarding these goods as offered by Strong & Company of Yokohama to Gordon

"MacKay & Company, Limited, of Toronto. We have had these constructions analyzed, and have filled in on the price list the yards per pound as worked out from the approximate weight per piece and the yards per piece shown in the price list, and we have also added the actual sley and pick count. The weights shown for the coarser and actually heavier cloth are in accordance with the actual weight of the cloth, but the weights shown for the finer quality made from 40s yarn are quite wrong in relation to the actual weight. A casual examination of the two cloths will indicate right away that the finer cloth is much lighter than indicated by the weight per piece shown on the price list. In any case the coarser fabric said to be made from 20s yarn in both directions could, we figure, be landed in Canada for the 27" width at 6.72¢ per yard, not including freight, whereas our cost of producing same would be about 9½¢ a yard, f.o.b. mill. I suppose that it would cost us as much for freights from mills in New Brunswick to Eastern points, particularly to the Pacific Coast, as it would from Japan.

The finer quality is not unlike our 'St.Croix' range"-- I have samples here mounted on these things, that we are talking about.

MR. MILLOCK: Perhaps we will make them part of that exhibit. A. "The finer quality is not "unlike our 'St. Croix' range, yet on the actual weight of the 36" construction the Japanese cloth

"Worthy & Company, Limited, of Toronto. We have had these constructions analysed, and have filled in on the price list the yards per pound as worked out from the approximate weight per yards and the yards per piece shown in the price list, and we have also added the actual grey and pick count. The weights shown for the coarser and actually heavier cloth are in accordance with the actual weight of the cloth, but the weights shown for the finer quality made from 40s yarn are quite wrong in relation to the actual weight. A casual examination of the cloth will indicate right away that the finer cloth is much lighter than indicated by the weight per piece shown on the price list. In any case the coarser fabric said to be made from 30s yarn in both constructions could, we figure, be issued in Dundee for the 27" width at 6.72p per yard, not including freight, whereas our cost of producing same would be about 9p a yard, f.o.b. mill. I suppose that it would cost us as much for freight from mills in New Brunswick to eastern points, particularly to the Pacific coast, as it would from Dundee.

The finer quality is not quite our "Ex-Grand Trunk". I have samples here mounted on three cards, that we are talking about.

Mr. Chairman: Perhaps it would be better if we put these exhibit.

A. The finer quality is not [illegible] "Ready" [illegible] price list [illegible] the 40s [illegible]

"duty paid without freight, could be landed at 9.38¢, whereas it would cost us somewhere between 16½¢ and 17¢ to produce same.

Bleached Flannelettes which form a much larger proportion of the production of our Canada Mill, Cornwall, than any other type of fabric, have for some weeks been offered in Vancouver at prices well below our cost of production. It is only a matter of a very short time until there will be many other types of fabrics offered at prices with which the cotton industry in no other part of the world could possibly compete. During the last few years heavy volumes of these Bleached Flannelettes have been entering Canada from England, so that importations of these goods, as well as Ginghams, from Japan will have quite an important bearing on exports from the U.K. to Canada as well as on the position of Canadian mills.

Cuttings of the several rayon taffeta qualities referred to in this memorandum are also enclosed herewith." They are attached.

A letter from our agent in Winnipeg to Mr. Tolmie I have here dated February 21st, 1936.

"Japanese Taffetas. Eatons yesterday and today have received communications both by letter and wire quoting them 13¼¢ for 27" plain taffeta and 15¢ for brocaded for substantial quantities, delivery guaranteed at these prices by March 1st. The price they have been quoted for later delivery for plain 27" taffeta is 14½¢. These quotations

"duty paid without freight", could be landed at [illegible], whereas it would cost us somewhere between 16½ and 17¢ to produce same.

Bleached Flannelettes which form a much larger proportion of the production of our Canada mill, Cornwall, than any other type of fabric, have for some weeks been offered in Vancouver at prices well below our cost of production. It is only a matter of a very short time until there will be [illegible] other type of fabric [illegible] the entire industry in our [illegible] of the world could possibly compete. During the last few years [illegible] of these goods, as well as Japanese, from Japan will have quite an important bearing on the exports from the U.K. to Canada as well as on the production of Canadian mills.

Cuttings of the several room buffets qualities referred to in this memorandum are also enclosed herewith." They are attached.

A letter from our agent in Winnipeg to Mr. Tolmie I have here dated February 21st, 1926.

"Jobbers & Retailers - Jobbers yesterday and today have received communications both by letter and wire quoting them 13½¢ for 27" plain buffets and 15¢ for bleached for substantial quantities, delivery guaranteed at these prices by March 1st. The price they have been quoted for later delivery for plain 27" buffets is 16¢."

"we understand came from B. Shaw, a Vancouver importer as well as from Nikko, also Vancouver. Since Katons are at a loss to understand the present situation we are writing you tonight for advice. It is obvious that our negotiations with the 'Powers that be' at Ottawa have temporarily broken down as otherwise such prices could not be quoted with a guarantee that the orders will be filled accordingly."

Also a letter from Winnipeg dated February 22nd likewise to Mr. Tolmie.

" I have been informed today that Western Dry Goods of Regina are buying Japanese Rayon because of the attractive price at which it has been offered to them. Their contracts for 400 pieces placed with us last November and December, B631 and B645 are being ignored entirely. I suppose that we are helpless and must face the fact that our customer cannot hope to pay us our price and meet the competition of those who are handling the Japanese materials.

I hope before leaving next Thursday for the West to have some idea of the present situation. Certainly our chances of booking business at even our quantity price of 18½¢ for 9990 are entirely out of the question. Unfortunately even if the Government now takes action to protect us it will be months before the heavy shipments of Japanese Rayons are absorbed. We therefore are bound to lose the advantage of Spring and Summer business

"We manufacture some item R. RSMW, a Vancouver importer as well as item NIMRO, also Vancouver. Since last are at a loss to understand the present attention we are writing you tonight for advice. It is obvious that our negotiations with the 'Juarez that he' at Ottawa have temporarily ended, and as our value such prices could not be quoted with a guarantee that the orders will be filled accordingly."

Also a letter from Winnipeg dated February 22nd likewise to Mr. Fields.

" I have been informed today that Western Dry Goods of Quebec are getting impatient before receiving of the attractive price at which it has been offered to them. Their contracts for 400 pieces placed with us last December and December, Rosl and Dole are being ignored entirely. I suppose that we are believe and must face the fact that our customer cannot hope to pay us our price and meet the competition of those who are handling the Japanese merchandise.

I hope before leaving next Thursday for the East to have some idea of the present situation. Certainly our chances of booking business at even our quantity price of 1889 for 1990 are entirely out of the question. Unfortunately even if the Government had some notion to permit us trading as mentioned before the heavy contracts of Japanese origins are already made.

"We manufacture some item R. RSMW, a Vancouver importer as well as item NIMRO, also Vancouver. Since last are at a loss to understand the present attention we are writing you tonight for advice. It is obvious that our negotiations with the 'Juarez that he' at Ottawa have temporarily ended, and as our value such prices could not be quoted with a guarantee that the orders will be filled accordingly."

Also a letter from Winnipeg dated February 22nd likewise to Mr. Fields.

" I have been informed today that Western Dry Goods of Quebec are getting impatient before receiving of the attractive price at which it has been offered to them. Their contracts for 400 pieces placed with us last December and December, Rosl and Dole are being ignored entirely. I suppose that we are believe and must face the fact that our customer cannot hope to pay us our price and meet the competition of those who are handling the Japanese merchandise.

I hope before leaving next Thursday for the East to have some idea of the present situation. Certainly our chances of booking business at even our quantity price of 1889 for 1990 are entirely out of the question. Unfortunately even if the Government had some notion to permit us trading as mentioned before the heavy contracts of Japanese origins are already made.

"which is of course the period when our sales of this line should be the heaviest."

And I have the detailed working out of the samples of checked ginghams as referred to there, that has been quoted to Gordon MacKay.

BY MR. KELLOCK: Q. The checked ginghams you refer to in that memorandum are on two cards, one on top on the left hand side is Japanese, with the construction, and is there a price on that?

A. Well, the price is here.

Q. And then the Canadian Cotton Samples is on the other side, and it is on the second card. There is just one sample? A. We had nothing to match it.

Q. And these samples which are attached to the face of that letter, Dr. Dawson -- A. Are the rayons which he refers to.

Q. Japanese rayons? A. Yes.

Q. All 483, my lord.

THE COMMISSIONER: What we have here then as exhibit 483 is the statement by this Mr. Tolmie to which is attached certain samples?

MR. KELLOCK: Yes, my lord. Does your lordship desire to adjourn now?

THE COMMISSIONER: We will adjourn until two o'clock.

-- The Commission adjourned at 12.40 p.m. to resume at 2 p.m.

--

"which is of course the period when our eyes of this time should be the keenest."

And I have the detailed working out of the samples of checked giphons as referred to there, that has been [illegible] [illegible].

By Mr. KNOCK: Q. The checked giphons you refer to in that memorandum are on the board, that is not on the left hand side in Brooklyn, why the numbering, not in order [illegible]

A. Well, the proof is here.

Q. And then the Canadian gutta Symplex is on the other side, and it is on the second card. There is just one needle?

A. We had nothing to match it.

Q. And these samples which are attached to the [illegible] are [illegible] -

A. Are the [illegible] to refer to.

Q. Japanese Tapers?

A. Yes.

Q. All 488, my lord.

THE COMMISSIONER: What we have been on as exhibit 488 is the statement by this Mr. Solmie to which is attached card in envelope?

Mr. [illegible]: Yes, my lord. Does your lordship desire to adjourn now?

THE COMMISSIONER: We will adjourn until two o'clock.

-- The Commission adjourned at 12.40 p.m. to resume at 2 p.m.

--AFTERNOON SESSION

--Commission resumed at 2 P.M.

ARTHUR OSBORNE DAWSON, recalled

EXAMINED BY MR. KELLOCK:

Q. Dr. Dawson, had you completed the correspondence which you were giving to his Lordship - I think you had finished reading that memo of Mr.--? A. Well, I thought perhaps--. Yes, that was all I had on that heading.

Q. I was going to ask you if you had any information as to the attitude of the trade aside from your own company as to the situation from the standpoint of Japanese competition? A. Well, the information that came to me from our men was to the effect that there was a great deal of concern among their customers because some of them had stock in hand that naturally they would have to dispose of on the new basis, on the basis of the new Japanese prices and also some of them had goods on order that naturally they did not want to take at these prices. Some cancellations were received. I have sent for copies of letters bearing that out, where some of our customers refused to take delivery of goods they had on order. As far as I could find out none of the trade were anxious to buy these goods but in protection to themselves and knowing that their competitors were buying these goods, were quoting like goods

--Examination resumed at 2 p.m.

--Continued by Mr. Jones, (resumed)--

Q. Mr. Jones, had you received the correspondence which you were giving to his Lordship - I think you had finished reading that memo of Mr.--;

A. Well, I recent perhaps-- Yes, that was all I had on that meeting.

Q. I was going to ask you if you had any information as to the attitude of the trade earlier from your own company or the British Iron Foundation points of view over conscription. A. Well, the information that came to me from our men was to the effect that there was a great deal of concern among their customers because some of them had stock in hand that otherwise they would have to dispose of on the new basis, on the basis of the new Dominion prices and also some of them had doubts on account that naturally they did not want to face it these prices. Some cancellations were received. I have sent for copies of letters bearing that out, where some of our customers referred to late delivery of goods they had on order. So far as I could find out some of the people were anxious to buy these goods but in preference to themselves and knowing that their competitors were paying these prices were buying like

they feared they would be left with stock on hand and they would lose their trade and they had to buy them to meet the conditions. I have a letter from one of our customers. He asked me not to use his name but if my Lord wants it I think it would be all right for me to do so. They do notlike to have these statements made in public because these goods are not offered to them as freely by the Japanese agents. They say - the information you get you pass on to our competitors.

MR. McRUER: Q. Who says that? A. That is, our customers tell us so.

Q. Did they tell you for that reason? A. That is the reason they gave.

Q. Who is this? A. This is Belding Corticelli's man. That was the reason he gave that as soon as he gave his information it would be passed on to his competitor. In fact he told me clearly that Fisher & Company told him distinctly that he would be glad to quote him but he was afraid Dr. Dawson would get the information and therefore he would not quote him. Unfortunately this buyer of Belding-Corticelli that gave me thisinformation is on his way to the West Indies I think now, but there may be somebody else in the concern could confirm that.

Q. What is the buyer's name?

MR. KELLOCK: Q. Was it Mr. Collett?

A. Yes.

they feared they would be left with stock on hand and they would lose their trade and they had to buy them to meet the conditions. I have a letter from one of our customers. It asked me not to use his name but if my lord wants it I think it would be all right for me to do so. They is willing to have these statements made in public because these goods are not offered to them as freely by the Japanese agents. They say - the information you get you pass on to our competitors.

Q. Would you say that it, that is, our customers tell us so.

Q. Did they tell you for that reason? A. That is the reason they gave.

Q. Who is this? A. This is Rolling Cartwright's man. That was the reason he gave that as soon as he gave his information it would be passed on to his competitor. In fact he told me directly that Tucker & Company told him distinctly that he would be glad to create him but he was afraid Ia. Tawson would get the information and therefore he could not create him. Unfortunately this buyer of Rolling-Cartwright that gave us this information is on his way to the East Indies I think now, but there may be somebody else in the company.

Q. What is the Japan's name?

MR. FILLOCK: Q. Was it Mr. Collett?

A. Yes.

Q. What is the information you have from him? A. This letter I got came from the manager of the Belding-Corticelli.

MR. McRUER: Q. Not McDougall? A. It is McTougall. It is dated Montreal, April 2nd, 1936, addressed to myself, headed "Re Mitsui & Co. & Japanese Rayon Taffeta & Satins." and it goes on to say:

"Dear Mr. Dawson:-

Our buyer has just shown me a shade card issued by the Japanese Textile Association, which is made up in exactly the same style as the Textile Color Card of America and shows 288 colors.

The above firm offer to book orders for ten pieces of any shade at a price that would enable us, they claim to land these goods in Canada at 11½¢ per yard, Duty and Sales Tax paid.

Mr. Fairchild, the agent, tells us that the different firms who bought sample lots have placed orders for thousands of pieces during the past few weeks. He says Mitsui & Company are thoroughly reliable in every sense of the word, and if the goods are not satisfactory when they arrive, we can return them - further, as far as they are able to find out, no additional Dumping Duty will be applied on these goods, although they refuse to assume that responsibility, but they claim there will be no question of landin these goods in Canada at 11½¢ Duty paid, 6%

Q. And is the information you have from him?

A. This letter I got from the manager of the building - certainly.

Mr. Lewis: Q. Not exclusively? A. No, it is certain. It is dated Montreal, April 2nd, 1928, addressed to myself, headed "Mitual s.co. Japanese Rayon fabrics & satins." and it goes on to say:

"Dear Sir, Dawson:-

Our buyer has just sent me a swatch sent by the Japanese textile association, which is made up in exactly the same style as the textile fabric used at Dawson and shows 108 inches.

The above firm offer to book orders for the pieces of any size at a price that would enable us, they claim to land these goods in Canada at 11½ per yard, duty and sales tax paid.

Mr. Fairchild, the agent, tells us that the different firms who booked orders last year placed orders for thousands of pieces during the past few weeks. We have listed a company who thoroughly reliable in every sense of the word, so and if the goods are not satisfactory when they arrive, we can return them - further, so far as they are able to find out, no additional duties will be applied on these goods, although [illegible] there will be no question of large [illegible]

Sales Tax included.

As evidently our competitors are importing these goods, I told our buyer to purchase 300 pieces, as the investment would not be large and we would see the actual goods and know what they cost to land."

Strange to say, this is the first instance I had seen of it, that they had included in this the jacquard at the same price. As far as I knew they had been offering half a cent more but he said, this buyer, he was allowed to make selections either plain or jacquard at the price quoted.

Q. Is that the taffeta? A. He hadds this "Japanese Rayon Taffeta & Satins." Yes, that would be taffeta for that price. That is not signed but it is that letter I am referring to. I am handing it in. I left the signature off on request.

EXHIBIT 484: Copy of letter from Mr. Collett to Mr. Dawson dated April 2nd, 1936. Re Mitsui & Company.

MR. McRUER: Q. Have you got the original letter? A. Yes, I have the original letter. That is copy of it, but I left the signature off.

MR. McRUER: I think we had better have the original letter because we may want to confront the gentleman with it.

being the insurance.

As evidently our company's dies are importing these goods, I told our buyer to purchase 500 clipers, as the insurance would pay the bills and we would see the actual goods and know what they cost to land."

Strange to say, this is the first instance I had seen of it, that they had included in this the insurance at the same price. As far as I know they had been offering half a cent more but he said, this buyer, he was allowed to make selections either duty or insurance as he right wished.

Q. Is that the letter? A. He header this "Japanese Mayes Traffic & Bering." Yes, that would be letters for that price. That is not signed but it is that letter I am referring to. I am handing it in. I left the signature off on re-cast.

EXHIBIT 484: Copy of letter from Mr. Gallagh to Mr. Lawson dated April Mr. Lyon. In signed a course.

Mr. McMURN: Q. Have you got the original letter? A. Yes, I have the original letter. That is copy of it, but I left the signature off.

Mr. McMURN: I think we had better have the original letter because we may want to confront the gentleman with it.

THE COMMISSIONER: We will take that in the meantime.

MR. KELLOCK: Q. Haveyou any figures which in your opinion shows the effect of the recent trade agreement between Canada and Japan on your sales? A. In that connection perhaps I ought to read a letter addressed by Mr. Tolmie to Mr. Hooper who visted our office and secured certain figures of sales, etc.

THE COMMISSIONER: Q. You mean Mr. Hooper attached to this Commission? A. Yes, and Mr. Tolmie addressed a letter to him after his visit to the office. It is dated April 2nd, 1936, and reads as follows:

"April 2nd, 1936.

Mr. G. E. Hooper,
Room 1617,
Windsor Hotel,
Montreal.

Dear Sir:-

I am enclosing herewith a memorandum which confirms the figures which I gave to you over the telephone this morning representing the yardage of rayon fabrics for which orders were booked during January, February and March respectively in 1935 and in 1936, and also the yardage shipped during these same months.

As these figures do not show the true picture as far as the rayon woven fabrics situation is concerned, I should like to make certain observations regarding same. It will

mean time.

Q. [illegible] I. Lowman any figures which in your opinion show the effect of the reason? [illegible] A. In that connection permits I ought to read a letter addressed by Mr. Tolmie to Mr. Hooper and signed by Mr. Hooper and a line and several certain figures of sales, etc.

Q. You may Mr. Hooper submitted to this commission? A. Yes, and Mr. Tolmie addressed a letter to him after his visit to the office. It is dated April 2nd, 1925, and reads as follows:

"Ottawa, Ont.,

Mr. H. J. Hooper,
Room [illegible],
Langham Hotel,
Montreal.

Dear Sir:-

I am enclosing herewith a memorandum which outlines the figures which I gave to you over the telephone this morning representing the average of rayon fabrics low width grades sold during January, February and March respectively in 1923 and in 1924, and also the [illegible] selling total and average.

As these figures do not show the same [illegible] as far as the rayon woven fabrics [illegible], I would like to make [illegible] adjustments regarding them. It will

be noted, for instance, that shipments during the period referred to are considerably larger than the orders booked during the same periods."

THE COMMISSIONER: Q. What is the period?

A. That is January, February and March, same period. "These shipments, therefore, do not reflect the trend of business in the periods under review for the reason that they have been made against orders for Spring deliveries booked during the earlier months -- that is, in the latter part of the preceding years.

I would particularly draw attention to the fact that while orders booked and shipments to the trade would normally increase in March over January and February, there has been a most serious falling off in orders booked for March 1936 as compared with bookings in January and February of that year, and a still greater and tremendous falling off as compared with bookings in March of the previous year -- being only 36% of those of the previous year. Shipments also show a serious falling off in March of the present year as compared with that month in 1935, but both orders booked and actual shipments would show a much greater falling off during all these months of 1936 were it not for the fact that we have been developing our production along lines that are less affected

we mean, are instances, that shipments during the period referred to are considerably larger than the orders booked during the same period.

The Chairman: Q. What is the period?

A. That is January, February and March, same period. These shipments, then fore, do not reflect the trend of business in the period under review for the reason that they were been made against orders for spring deliveries booked during the earlier months -- that is, in the latter part of the preceding year.

I would respectfully draw attention to the fact that while orders booked and shipments in the three small commodity lumbers in March over January and February, there has been a more serious falling off in orders booked for March 1956 as compared with bookings in January and February of that year, and a still greater and tremendous falling off as compared with bookings in March of the previous year -- being only half of those of the previous year. Shipments also show a serious falling off in March of the present year as compared with that month in 1956, but both orders booked and actual shipments could show a much greater falling off during all these months of 1956 were it not for the fact that we have been developing our production along lines that are less affected

by foreign competition. Another factor is that the figures that we are giving you represent fabrics made from straight rayon, and do not include mixtures. As, therefore, there has been a general tendency on the part of the clothing trade to switch from rayon-and-cotton mixture linings to linings of all-rayon, the figures that we have given you representing 1936 sales are relatively increased as compared with those of 1935 owing to the fact that mixture fabrics, at your request, have not been included in our memorandum."

And attached to that is the memo of the order:

"1935.

	Orders Booked.	Shipments
January	118,768	188,322
February	134,340	200,598
March	266,163	344,272
	1936	
January	165,125	213,220
February	157,765	208,710
March	97,050	249,441"

EXHIBIT 485: Letter dated April 2nd, 1936, from R. G. Tolmie, general manager to Mr. G. E. Hooper.

Q. Have you any other figures on your own situation? A. I also have a memo I asked for on the sales from January to June. I have not these for months but I think Mr. McRuer asked to have them made up and they are going prepare but

by foreign competition. Another factor is that the figures that we are giving you represent fabrics made from straight rayon, and do not include mixtures. As, therefore, there has been a general tendency on the part of the clothing trade to switch from rayon-and-cotton mixtures blanks to blanks of all-rayon, the figures that we have given you of reason.ly 1956 sales are relatively increased as compared with those of 1955 owing to the fact that mixture fabrics, at your request, have not been included in our statistics.

And attached to that is the memo of the order:

"1955.

	Yards Issued.	Shipments
January	115,758	188,[illegible]
February	144,[illegible]	[illegible]
March	244,[illegible]	244,[illegible]
	1956	
January	[illegible]	[illegible]
February	147,765	108,[illegible]
March	97,050	249,641"

EXHIBIT 489: Letter dated April 2nd, 1956, from R. G. Toinie, general manager to Mr. E. E. Hooper.

Q. Have you any other figures on your own statistics? A. I also have a memo I [illegible] for m the sales from January to June. I have [illegible] for reason that I think, [illegible] [illegible] and they are very prepare but

this is total sales of this taffeta.

MR. McRUER: Q. Of which taffeta - which one? A. 9970, which is 26" and 9990, which is 27". In 1935 our sales from January to June of the 36", that is 9970, was 33,400 yards. The same line January to June, 1936, 8,200 yards. In the narrow width, 27", January to June 1935, 214,280 yards. January to June, 1936, 67,180 yards. There is attached to that memo a sample.

EXHIBIT 486: Total sales of 36" and 27" taffetas in the years 1935, 1936 from January to June.

MR. KELLOCK: That is of your product? A. Yes, of our product. I also have a memo of those plain taffetas 36" and 27" sold to the Eaton Co. in the two years and the SimpsonCompany. I thought perhaps that would be of interest since--

MR. McRUER: It might have a good idea for us to question the buyers. Rather too bad this was not submitted to us so that we could ask the buyers why they had not bought from you.

MR. KELLOCK: Well, they were asked the general question.

MR.McRUER: Q. Were these not made up when the buyers were here? A. No, they were not.

MR. KELLOCK: Q. As a matter of fact, shows that the Simpson Company did not buy any in Montreal? A. The Simpson Company shows really better than last year at the same time. The T. Eaton Company--

this to legal point of view rather.

MR. MONDER: Q. Of which texture - which over A. 9970, which is 26" and 9980, which is 27". In 1950 our sales from January to June of the 26", that is 9970, was 88,400 yards. The same line January to June, 1955, 9,[illegible] yards. It has increased with 27", January to June 1955, 214,880 yards. January to June, 1956, 41,140 yards. There is enormous increase a example.

MR. KELLOCK: Total sales of 26" and 27" textures in the years 1950, 1956 from January to June.

MR. KELLOCK: That is of your product? A. Yes, of our product. I also have a memo of these plain textures 26" and 27" sold to the Eaton Co. in the two years and the Simpsoncompany. I thought perhaps that could be of interest since--

MR. MONDER: It might have a good idea for us to question the buyers. Rather too bad this was not submitted to us so that we could ask the buyers why they had not bought from you.

MR. KELLOCK: Well, they were asked the general question.

MR. MONDER: Q. Were these not made up when the buyers were there? A. No, they were not.

MR. KELLOCK: Q. As a matter of fact, about that the Simpson Company did not buy any in Montreal? A. The Simpson Company show really better than last year at the same time. The T. Eaton Company--

THE COMMISSIONER: Where, in Montreal?

A. This is altogether, the whole company. In 36", 9970, in 1935 their orders were 119 pieces. That is, January to December. Now, of course for this year we only had January to June.

Q. When you say January to December, do you mean the whole 12 months? A. I take it that is twelve months.

Q. When was January to June? A. That is the 1st of June.

Q. That is only five months? A. Yes. January to December, I am not sure whether that is the end of December or the 1st. We will have to have that cleared up. That shows, anyway, 118 pieces in 1935 of the 36" and this year, January to June, 1936, 19 pieces. That the 27", in the same period, that is 9990, January to December, 1935, 1282 pieces. January to June, 1936, 174 pieces. Now, the Simpson Company in the same period in 36", in 1935, their orders were 272 pieces. That is probably the year. This year January toJune, 39 pieces. But the 27" is a better showing. In the 27" there is 417 pieces sold in the year 1935 and in the year 1936, January to June, shows 479 pieces. I asked the man in the Departments if he could account for that and hesaid he gave them a little concession in the price that he thought helped that.

Q. MARCH 1, 1956 : Mr. G. in Montreal:

A. This is Montreal, the whole company. In 56", 99?0, in 1955 their orders were 119 pieces. That is, January to December. Now, of course for this year we only had January to June.

Q. When you say January to December, do you mean the whole 12 months? A. I take it that is twelve months.

Q. When was January to June? A. That is the last of June.

Q. That is only five months: A. Yes. January to December, I am not sure whether that is the end of December or the 1st. We will have to have that cleared up. That shows, anyway, 119 pieces in 1955 of the 56" and this year, January to June, 1956, 19 pieces. That the 47", in the same period, had in 1955, January to December, 1122 1288 pieces. January to June, 1956, 174 pieces. Now, the Simpson Company in the same period in 56", in 1955, their orders were 272 pieces. That is probably one year. This year January to June, [illegible] pieces. But the 27" is a better showing. In the 27" there is 417 pieces sold in the year 1955 and in the year 1956, January to June, shows 479 pieces. I asked the man in the department if he could account for that and he said he gave them a little concession in the price that he thought brought them.

MR. KELLOCK: Q. In these last figures that you gave for purchases by the Simpson Company for 1936, are there any purchases from the Simpson Company in Montreal of the27" taffeta? A. No, I think not. I asked that and I was told there was no purchases.

MR. McRUER: Montreal?

MR. KELLOCK: No, Toronto.

THE WITNESS: This is Simpson's marked here, R. Simpson, Toronto, and I asked if any sales made in the Montreal store and they said no.

Q. Your information on the other sheet, 1935? A. Yes, 1935 shows Toronto and Montreal.

Q. So that apparently Montreal made no purchases in 1936? A. Apparently not, made no purchases so far this year.

EXHIBIT 487: Memo of plain taffetas 36" and 27" sold to the T. Eaton Co. and the Simpson Company in 1935 and 1936.

Q. Have you any other information? A. I think perhaps Mr. McRuer would want me to hand in the letters that passed between us, there is a little information in it, that I took copies of them thinking possibly there might be--

THE COMMISSONER: Q. Letters between whom? A. Letters between Mr. McRuer and myself dealing with these matters.

MR. McRUER: I am going to question you on them at any rate. You can put them in now or later.

Q. Do you know Mr. Dawson, you gave for purchases by the Simpson Company for 1936, are there any purchases from the Simpson Company in Montreal of that? A. No, I think not. I asked that and I was told there was no variation.

MR. MORDER: Montreal?

MR. DAWSON: No, Toronto.

THE CHAIRMAN: This is Simpson's marked here, R. Simpson, Toronto, and I asked if any sales made in the Montreal store and they said no.

Q. Your information on the other sheet, 1935? A. Yes, 1935 sales through and analysed.

Q. So that apparently boots I made no purchases in 1935? A. Apparently not, made no purchases so far this year.

EXHIBIT 487: Memo of plain taff tea 35" and 27" sold to the T. Eaton Co. and the Simpson Company in 1935 and 1936.

Q. Have you any other information? A. I think he hope Mr. Morder would want me to read in the letters that passed between us, there is a little information in it, that I took copies of them thinking possibly there might be--

THE CHAIRMAN: Q. Without answers, only A. Without letters by Mr. Morder and myself dealing with these matters.

MR. MORDER: I am going to question you on them at any rate. You can put them in now or later.

THE WITNESS: There is not very much in it but the first letter I received from Mr. McRuer was dated May 29th, which Mr. McRuer--

THE COMMISSIONER: Have you several letters from Mr. McRuer? A. Two or three only.

THE COMMISSIONER: Well, put them in altogether as one exhibit.

THE WITNESS:

"The Honourable Mr. Dunning, the Minister of Finance, has forwarde your letter of May 22nd, to me for attention. I note what you say in reference to the Milltown's mill. I would be very glad if you will let me have the figures you refer to in your letter. I shall be pleased to arrange an early opportunity for you to present any matters you wish in connection with this matter to the Royal Commission."

And my reply:

"I have pleasure in acknowledging receipt of your letter dated from Valleyfield on May 29th.

I enclose a few particulars in regard to our St. Croix Mill, where all our rayon cloths are produced. I am also having prepared some figures showing the earnings of this Mill in recent years.

If you could make it convenient to visit Milltown I would appreciate it very much. Such

THE WITNESS: There is not very much in it but the first letter I received from Mr. Somerset was dated May 29th, which Mr. Somerset--

THE COMMISSIONER: Have you several letters from Mr. Somerset?

THE COMMISSIONER: Well, put them in altogether as one exhibit.

"The Commissioner, Commission, Ottawa:

Sir: Mr. Somerset, Secretary of Finance, has forwarded your letter of May 29th, to the undersigned. I have read your letter in reference to the mill-town's mill. I would be very glad if you will let me have the figures you refer to in your letter. I shall be pleased to arrange an early opportunity for you to present any matters you wish in connection with this matter to the Royal Commission.

And my reply:

"I have pleasure in acknowledging receipt of your letter dated from Windsor Mills on May 29th.

I enclose a few pertinent facts in regard to our St. Croix Mill, where all our rayon plants are produced. I am also having prepared some further details of this mill and forward them later.

If you could make it convenient to visit Milltown I would appreciate it very much.

a visit would require only one day, but unfortunately you would have to spend a night on the train going down and another night coming back.

If you deem it advisable for us to appear before your Commission while it is sitting in Montreal I would appreciate it if this could be deferred until next week when our General Manager, Mr. R. C. Tolmie, can put in an appearance. Unfortunately he is just recovering from an operation on his nose and sinus.

Thanking you for the trouble you are taking in this connection."

That was replied to by Mr. McKuer:

"This is to acknowledge receipt of your letter of June 1st. I will be very glad to discuss with the Commissioner the matter of the holding of a sitting of the Commission in your Milltown.

I have been perusing the memorandum enclosed in your letter. I would be very glad if you will be good enough to give me particulars of the Japanese importations that you stated are responsible for the action you proposed to take regarding the Mill at Milltown.

The statements contained in your letter are extremely general and do not afford any opportunity to place some figures before the Commissioner.

a visit would require only one day, but unfortunately you would have to spend a night on the train going down and another night coming back.

If you deem it advisable for us to appear before your commission while it is sitting in Montreal I would appreciate it if this could be deferred until next week when our General Manager, Mr. H. G. Jaimie, can put in an appearance. Unfortunately he is just recovering from an operation on his nose and sinus.

Thanking you for the trouble you are taking in this connection."

That was replied to by Mr. Conner:

"This is to acknowledge receipt of your letter of June 1st. I will be very glad to discuss with the Commission over the matter of the holding of a sitting of the Commission in Ottawa.

I have read carefully the communication enclosed in your letter. I would be very glad if you will be good enough to give me particulars of the grievance importations that you stated are responsible for the action you proposed to take regarding the mill at Lillooet.

The statements contained in your letter are extremely general and do not afford any reasonable ground for Mr. Jaimie to prepare for a sitting.

Will you please be kind enough to furnish me some samples of Rayon manufactured at Milltown and any information you have in regard to competitive rayon that have been imported from the Japanese plants since January 1st, 1936."

And my reply, January 3rd, 1936:

"You will, I am sure, understand that we have no effective way of ascertaining the quantity of Japanese Rayons being imported into this country. For your information, however, I may say that our Vancouver representatives advise us that there arrived in the Port of Vancouver between March 1st and April 25th 269 cases of Rayon goods destined for different parts of Canada. We are told too that these cases average 2100 yards to a case, which would mean that in the two months referred to about 565,000 yards of Japanese Rayons have been distributed in this country.

For reasons indicated these figures may not be at all complete, but I take it that Ottawa will have a full record of such importations and I have no doubt but that this record will be made available to your Commission.

I have also in my possession a copy of a letter from one of our customers and I take the

"Oil gas stations be like - [illegible]
[illegible]
will have and any information you may in regard
to commodities upon that have been imported
from the Japanese plants since January 1st,
1930."

And my reply, dated 2nd, 1934:

"You will, I am sure, understand that
[illegible]
quantity of Japanese goods being imported
into this country. For your information, how-
ever, I may say that our Vancouver repreesen-
tatives advise us that there arrived in the
Port of Vancouver between March 1st and
April 30th 589 cases of Rayon goods destined
for different parts of Canada. We are told
too that these cases average 2100 yards to a
case, which would mean that in the two months
referred to about 500,000 yards of Japanese
rayons have been distributed in this country.

For reasons indicated these figures may
not be at all complete, but I take it that
Ottawa will have a full record of such importa-
tions and I have no doubt but that this
record will be made available to your com-
mittee.

I have also in my possession a copy of a
letter from one of our customers and I take the

liberty of attaching a copy of same to this letter. You will notice thereby that Mitsui & Company's Montreal Agent claims that they have sold thousands of pieces during the last few weeks.

Our selling price of a line that competes with the Japanese cloth is 18-1/8¢ net, with sales tax extra. Our costing figures on this line total 17.41¢ per yard. You will notice that the Japanese cloth is sold at 11½¢ per yard, duty and sales tax paid.

I am having made ready samples of Japanese Rayons together with samples of cloths similar in construction made in our Mills, and these I am sure will be ready for examination at the end of this week or early next week."

This is the correspondence that passed between Mr. McKuer and myself.

EXHIBIT 488: Bundle of correspondence between Mr. Dawson and Mr. McKuer.

MR. KELLOCK: Q. Have you taken any steps as yet to limit the production at your St. Croix Mill? A. Well, I would like to in that connection read a letter which was really instructions--

THE COMMISSIONER: Q. What is your answer to that? A. Yes, whether we had taken any steps to reduce production? I inquired at lunch time, because I understand the question was asked

interest in attaching a copy of some to this letter. You will notice, Jerry, that Gowry's Department (very nearly) that may have sold thousands of pieces during the last few years.

Our selling price of a line that competes with the Japanese cloth is 18-1/8¢ net, with sales tax extra. Our costing figures on this line (very literally per year. In fact, unless that the Japanese cloth is sold at 11¢ per yard, duty and sales tax paid.

I am having data sent Jerry of Japanese Kyoma together with samples of cloths similar in construction made in our mills, and these I am sure will be ready for examination at the end of this week or early next week."

This is the correspondence that passed between Mr. Rosser and myself.

<u>EXHIBIT 4B8:</u> Bundle of correspondence between Mr. Dawson and Mr. Rosser.

MR. ELLIOTT: Q. Have you taken any steps as yet to limit the production at your mill. Crotx Mill? A. Well, I would like to in that connection read a letter which was really [illegible]

THE COMMISSIONER: Q. What is your answer to that? A. Yes, matter we had taken any steps to reduce production. I inquired at least time, because I understand the question was asked

when I was out, when we gave the mills instructions to stop the production of that low line of taffeta, that 27", and I was informed that Mr. Tolmie telephoned the Mill on January 8th - that was instructions in that line; that is, not to put any more in works but to run the line out and as the looms run out to stop them. Now then, he wrote after the budgets were brought down, he wrote a letter to the manager, Mr. Tolmie wrote the manager at Milltown a letter which is dated May 5th, 1930, and reads as follows:

"Dear Mr. Bruneau:

Tariff Changes.

You and those associated with you at St. Croix Mill will not doubt be most anxious to learn what theeffects of the recently announced tariff changes will be. I may say that it is one of the most staggering blows that our Company has received in its history. The elimination of the 2¢ a lb. specific duty on cotton yarns and piece goods from the U.K. will mean that we will have to reduce our selling prices to that extent on all goods on which we have competition from that country if we intend to hold our market and operate our mills.

The further reduction of 2½¢ in the ad valorem duty on grays will facilitate the

when I was out, when we gave the mill instructions to stop the production of that low line of texts, that ??", and I was informed that Mr. Solmie telephoned the mill on January 8th - that was instructions in that line; that is, not to put any more in works but to run the line out and as the looms run out to stop them. So then, he wrote after the looms were broken down, he wrote a letter to the manager, Mr. Solmie wrote the manager at Milltown a letter which is dated May 8th, 1928, and reads as follows:

"Dear Sir,

Tariff Changes.

You and I met associated with you at St. Louis will not doubt be much anxious to learn what benefits of the recently announced tariff changes will be. I may say that it is one of the most astounding blows that our Company has received in its history. The elimination of the 2½ % specific duty on cotton yarns and piece goods from the U.S. will mean that we will have to reduce our selling prices to that extent on all goods on which we have competition from that country if we intend to hold our market and operate the mills.

The further reduction of 5½% in the ad valorem duty on yarns will facilitate the

importation of goods like Saxonies and Doeskins by converters such as Wm. Robinson & Son, who have for the past few years been giving us a very hard run on goods that they simply bleach, dye and nap in Canada. Another class of goods on which we have built up a fairly nice volume which will be apparently affected by thereduction in grays is napped Sheetings for the rubber and fabricoid companies. You will have noted the statement in the budget speech to theeffect that the duties which prevailed under the 1930 Dunning budget had been restored. This is undoubtedly intended to create the impression that the industry is as well off as it was under the 1930 rates. This, of course, is not the case for at that time the ad volorem rates were applied to selling prices which were based on high priced cotton so that the protection per yard or per pound, which is what counts with us, is much less than it was under the 1930 tariff.

Also 3% excise on cotton now.

Another feature of this budget which is most disconcerting is that the Finance Minister adopted recommendations made by the Tariff Board in an interim report. The board have taken nosteps to verify the accuracy of English costs as submitted to the Board, which they assured us they would do before bringing in their findings. What I dislike most about

importation of goods like harmonies and bearing by converters such as Mr. Robinson & Son. We have for the past few years been giving us a very hard run on goods that they simply clean, dye and rep in Canada. Another class of goods on which we have built up a fairly large volume which will be apparently affected by the reduction in duty is ragged sheetings for the rubber and fabricoid companies.

You will have noted the statement in the budget speech to the effect that the duties which are not actually under the 1930 tariff have not been measured. This is really intended to create the impression that the industry is as well off as it was under the 1930 rates. This, of course, is not the case for at that time the ad valorem rates were applied to selling prices which were based on high priced cotton so that the protection per yard or per pound, which is what counts with us, is much less than it was under the 1930 tariff.

Another feature of this budget which is most disconcerting is that the finance minister adopted recommendations made by the tariff board in an interim report. The board have taken months to verify the accuracy of Canadian costs as submitted to the board, which they directed be they would be issued following the tariff changes. Now I finding many cases

it is that their recommendations for lower duties have apparently been based on the fact that the percentage of Canadian consumption that was supplied by U. K. mills did not look so very much in relation to the percentage s pplied by Canadian mills. This is about as dangerous a line of reasoning as one can imagine. We have been maintaining our position, as you at St. Croix only too well know, by meeting English prices, in many instances at a loss, and it has been pointed out on many occasions that the English mills are not going to gain a much greater foothold in Canada until Canadian mills are driven into insolvency and forced to shut their doors. As long as we run the mills we must meet competition. If after this further lowering of duties on goods from the U.K. they do not succeed in gaining a much greater percentage of the total Canadian market, it may be argued again next year and the year after that they are still not getting their share, regardless of the sacrifices that Canadian mills have been forced to make.

Now as far as St. Croix Mill is concerned, i it is beginning to look like a slow process of strangulation --dependent as your mill now is on rayons. The Japanese have not got properly started in our market yet, and it seems obvious

It is that their recommendations for lower duties have probably been based on the fact that we are only left by U. S. mills did not lower at very much in relation to the percentage applied by Canadian mills. This is about as dangerous a line of reasoning as one can imagine. We have been maintaining our position on you at St. Johns only too well known, by meeting English prices, in many cases at a loss, and it has been pointed out on many occasions that the English mills are not going to gain a much greater foothold in Canada until Canadian mills are driven into insolvency and forced to shut their doors. As long as we run the mills we must meet competition. If either the U.S. does do not succeed in making a much greater percentage of the total Canadian market, it may be argued again next year and the year after that they are still not getting their share, regardless of the assurance that American mills have just failed a year.

Now as far as St. John's mill is concerned, it is beginning to look like a slow process of strangulation --dependent on your mill now is as to-day. The disease has not yet gangrenous started in our mouth yet, and it seems obvious

that they are marking time to a certain extent in not endeavouring to force their way into our market too seriously until the Royal Commission gets through.

For the reasons explained to you at the time, it was necessary to completely drop your production of Jap Taffetas, and later on to reduce to negligible proportions your production of Suede Taffetas. It is now with the keenest regret that I have to advise you of the necessity to discontinue production of the cotton-and-rayon mixture Body Linings. This applies to all of the 54" mixtures that you are making, including LG39, LG40, HS and MFS. Please cancel not only all stock orders that have not yet been given out, but anything that has been given out as well, but which you are not already committed in the preparation of warps. Before actually stopping, however, I wish that you would review your yarn supply situation, and if you have a stock of any rayon yarns of a type or denier for which you will have no other outlet than these mixture fabrics, let me know how much you have, and how much it would represent if woven into cloth. We may be able to arrange with Courtaulds to take such surplus yarns off our hands, but of this I am doubtful. Incidentally I may say that I

telephoned Courtaulds this morning, and asked them to hold up deliveries of all yarn that they have on order for you unless they are prepared to assure us that whatever reductions they put into effect as a result of tariff changes could be made retroactive to apply to deliveries before they announce their new list.

I may assure you that we are not unmindful of the distressing effect that this is going to have on more of our Milltown operatives, but we are simply not in a position to absorb the terrific losses that we would have to do to meet revised English values on these mixture linings. In this connection I think that you and those workers affected should be entitled to have the situation put clearly before you, and you will realize from the figures that I will give you that regardless of how greata reduction Courtaulds may make in their price of yarn, we will be unable to carry on under the tariff as it now stands.

As for the rayon yarn end, the former British duty was 18%, or 18¢ per lb. whichever was the greater (I shall deal only in net figures with the 10% deducted). It was, of course, the specific duty that applied. This duty has now been altered to a straight ad valorem rate of 18%. This 18% on an average English value of, say, 50¢ would be equivalent

[illegible] to hold up deliveries of all yarn that they have on order for you unless they are prepared to assure us that whatever reductions they put into effect as a result of tariff changes would be made retroactive to apply to deliveries before they announce their new list.

I may assure you that we are no unmindful of the distressing effect that this is going to have on some of our milltown operatives, but we are simply not in a position to absorb the terrific losses that we would have to do if we reduced English values on these mixture linings. In this connection I think that you and those witnesses affected should be entitled to have the situation put clearly before you, and you will realize from the figures that I will give you that regardless of how great reduction Canadians may make in their price of yarn, we will be unable to carry on under the tariff as it now stands.

As for the rayon y rn end, the Canadian British duty was 15%, or 1½d per lb. whichever was the greater (i said that only in my figures with the 10% deducted). It was, of course, the specific duty that applied. This duty has now been altered to a straight ad valorem rate of 15%. This 15% on an average English value of, say, 30¢ would be equivalent

to 9¢ a lb. against the former 18¢, so that there has been a net reduction averaging about 9¢ a lb. As far as our mixture goods are concerned with approximately a 50% rayon content, this would mean that if the full reductionin yarn duties is applied to Courtaulds' yarn prices, there would be a reduction of only 4½¢ a lb. in our goods. Against this the duty on the woven cloth has been changed from a net ad valorem rate of 24-3/4%, plus a net specific of 27¢ a lb., to an ad valorem rate only of 27%. We may figure that the old specific duty of 27¢ per lb. was equivalent to just about the same figure on a percentage basis with English fabrics which are competitive with our s selling on the basis of about $1.00 per lb. While, therefore, an increase of 2¼% has been made in the ad valorem duty on piece goods, this reduction of the equivalent to 27% in the specific means a net reduction of 24-3/4%, or in round figures, let us say about 25¢ per pound of goods. As our lines which you are to discontinue run about 2.40 yds. per lb. this would mean that we would have to reduce our selling prices by 10¢ a yard, something which is, of course, absolutely out of the question. English competition on these linings has always been so keen that we have never been able to get by with more that a whole skin, and

5

10

15

20

25

30

35

40 a lb. against the 1.cent a lb. so that there has been a net increase of 1.cent a lb. In further we are asked to accept a reduction of only .4¢ a lb. in our duties. Against this duty on the woven cloth has been conserved from a net ad valorem rate of 24-6/7%. This a net conversion of 27¼ a lb., to an ad valorem rate only of 17%. We may figure that the old specific duty of 27¼ per lb. was equivalent to just 17%. The same figure on a cotton shirting with English duties which we consider with our 2 selling on the basis of about 4.50 per lb. While, therefore, an increase of 3¼ has been made in the ad valorem duty on these goods, this reduction of the equivalent to 27¼ in the specific means a net reduction of 24-6/7%, or in round figures, let us say about 6¢ per pound of goods. As our lines which we are to discontinue run about 2.40 cts. per lb. this would mean that we would have to reduce our selling prices by 10¢ a yard, something which is, of course, absolutely out of the question. American competition on these lines has always been so keen that we have never been able to get by with more than a single skin, and

in many cases we have had to sell without fully covering our fixed overhead."

EXHIBIT 489: Copy of letter from R. G. Tolmie, Canadian Cottons to V. H. Bruneau, dated May 5th, 1936.

THE COMMISSIONER: Q. That was a letter to whom? A. To Mr. Bruneau, who was the local manager of the St. Croix Mill.

MR. KELLOCK: Q. You have described to his Lordship the situation that is facing your St. Croix Mill. What government action in your opinion is necessary to save the situation which isdeveloping there? A. I understand from Mr. Tolmie that when he was in Ottawa meeting the Ministers that he was asked and others were asked to get together, consult with each other and ascertain or report to the Government just what they thought would be needed to save the situation.

THE COMMISSIONER: Q. You mean on this meeting of January 14th? A. Yes sir. So that I have a copy of a letter that Mr. Tolmie addressed to Major Hallam on January 16th, 1936. Apparently this information was passed on through to him. The letter reads as follows:

"Mr. Dodd and I have been going over the fixed values that we think are absolutely required for different types of rayon fabrics, and we figure that to be in any way effective these cannot be lower than the following:-

All flat fabrics, Taffetas or Satins, bleached

in many cases we have had to sell without

fully [illegible] the [illegible]

Exhibit No. [illegible] A letter from

[illegible], to [illegible]

addressed to [illegible]

dated [illegible] 1920.

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THE COMMISSIONER: Q. That was a letter to whom?

A. To Mr. Brannen, who was the local manager of the

St. Croix Mill.

Mr. [illegible]: Q. You have described to his

[illegible] the situation that is found [illegible]

Croix Mill. Such government action in your opinion

is necessary to save the situation with [illegible] p-

ulp [illegible]? A. I understand from

10

15

Mr. Tolmie that when he was in Ottawa meeting the

Ministers that he was asked and others were asked

to get together, consult with each other and ascer-

tain or report to the Government just what they

thought could be needed to save the situation.

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THE COMMISSIONER: Q. You mean on this meeting

of January [illegible]? A. Yes sir. So that

I have a copy of a letter that Mr. Tolmie addressed

to [illegible] on January [illegible], 1920. Apparently

this information was passed on through to him.

25

The letter reads as follows:

"Mr. [illegible] and I have been going over the

fixed values that we think are absolutely re-

quired for existence [illegible] and [illegible], and

we figure that to be in any way effective

these cannot be lower than the following:-

All kraft fabrics, [illegible] or [illegible], bleached

30

piece dyed - 85¢ per lb.

All crepe yarn fabrics, bleached or piece dyed - $1.00 per lb.

All yarn dyed or printed fabrics, flat or crepe - $1.25 per lb.

I am attaching a memorandum showing the way in which these fixed values would work out with the duty and Excise Tax added on a pound basis.

In the case of the 27" low quality Taffeta, the Japanese cloth would then cost 17.81¢ a yard based on 9.00 yards to the lb., whereas our own cost of this cloth, including cash discounts and selling expenses, is 17.86¢. On a popular line of Satin which would come under the same category, and weighs 4.80 yards per lb., the Japanese cost would be 33.38¢, whereas our actual cost id 31.95¢. In the crepes we have taken a sand crepe as being perhaps the most representative, and in our construction, which weighs 4.60 yards, on the basis of a $1.00 fixed value the Japanese cost would be 39.41¢ a lb. Our cost on this construction is 43.69¢, so that it is considerably higher than the Japanese cloth on the basis of $1.00 a lb.

In the case of Yarn dued cloths, an example of which is represented by the enclosed sample, we cannot bring the Japanese cost up to anything like our production cost even on the old fixed price of $1.25 a lb. Our cloth weighs 7.30

piece dyed - 8¢ per lb.

All crepe yarn fourlies, bleached or piece dyed - $1.00 per lb.

All yarn dyed or printed fourlies, flat or crepe - $1.40 per lb.

I am attaching a memorandum showing the way in which these fixed values would work out with the grey and crepe as based on a pound basis.

As the case of the 27" low quality T-Cloth, the Japanese of 44 yards then cost 17.84¢ a yard based on 3.00 yards to the lb., whereas our own cost of this cloth, including cash discounts and selling expenses, is 17.88¢. On a popular line of Satin which would come under the crepe category, and weighs 4.70 yards per lb., the Japanese cost would be 20.09¢, whereas our total cost is 21.42¢. In the crepe we have taken a cash crepe as being perhaps the most representative, and in our cone production, which weighs 4.60 yards, on the basis of a $1.00 fixed value the Japanese cost would be 22.4¢ a lb. Our cost on this production is 23.82¢, so that it is considerably cheaper than the Japanese cloth on the basis of $1.00 a lb.

In the case of Yarn dyed cloths, an example of which is represented by the enclosed sample, we cannot bring the Japanese cost up to anything like our production cost even on the old fixed price of $1.00 a lb. Our yarn weight 7.4

yards to the lb., and at $1.25 fixed value would work out at 29.63¢. Our cost on this is actually 33.03¢, but the cloth could not be manufactured and sold commercially in Canada at less than 40¢ a yard for in such types of seasonal and style fabrics much of the production has to be cleared out at a heavy discount at the end of the season."

Q. Now, attached to that is memorandum showing duty paid costs on rayon woven fabrics as figured from fixed values per lb. indicated below?

A. This gives the fixed value and 36% ad valorem and specific and the excise.

Q. Are these the things you still put forward as your requirements? A. Yes, that is the recommendation to the Minister.

Q. They apply only to Japanese rayon? A. No, this would apply--

Q. I am talking of those fixed valuations?

A. This would apply to all goods either from England or Japan.

Q. You want a fixed valuation to be on all rayons from whatever origin? A. Yes sir. Perhaps Mr. Hooper would know better.

MR. HOOPER: No, cannot be against Great Britain.

THE COMMISSIONER: Q. Is that what you want?

A. This as I understand it - I am not absolutely

yards to the lb., and at 1.15 fixed value would work out at 29.88%. Our cost on this is actually 32.05%, but the cloth could not be manufactured and sold commercially in Can. at less than 40% a yard for in such type of seasonal and style industries much of the production has to be cleared out at a heavy discount at the end of the season.

Q. Now, attached to that is recommendation covering only wool coats or rayon woven fabrics as figured from fixed values per lb. indicated below?

A. This gives the fixed value and 35% ad valorem specific are the excise.

Q. Now those two things you will put forward as your recommendation? A. Yes, that is the recommendation to the minister.

Q. They apply only to these two items? A. No, this would apply--

Q. I am talking of those fixed valuations?

A. This would apply to all goods either from England or Japan.

Q. You want a fixed valuation to be on all rayon from whatever country? A. Yes sir.

Perhaps Mr. Hooper would know better.

Mr. HOOPER: No, cannot be applied most easily.

The CHAIRMAN: Is that what you want?

A. This is a misunderstanding - I am not absolutely

sure about that; it certainly refers to flat taffetas and satins.

Q. The valuation of $1.25 was added on?

A. Yes, I notice it refers to Japanese costs and apparently only refers to that. This is Japanese costs, this was dated in January.

Q. Mr. Kellock asked you what you thought ought to be done for the benefit of Canadian manufacturers and then you bring this forward, and that is why I asked you? A. That is quite right. This letter is dated January 16th.

Q. That is what you want? A. Yes, before the new budget was brought down.

MR. KELLOCK: Q And refers to Japanese?

A. Yes.

THE COMMISSIONER: Q. That prior valuation of $1.25 applied only to Japanese rayons? A. Yes sir.

MR. McRUER: No, applied to all rayons.

MR. HOOPER: General and intermediate tariff and this would be the same.

THE COMMISSIONER: It was the intermediate tariff though, not British tariff.

MR. HOOPER: No.

THE COMMISSIONER: It applied to all except goods of British origin and what you want now would also apply except to goods of British origin?

A. That is right. In other words, it is replacing

were about that; it certainly pertains to that point and motive.

The judgment of Judge was added on. Also, I notice it refers to [illegible] and [illegible] and refers to [illegible]. Here is [illegible] points, this only [illegible].

Mr. [illegible] moved [illegible] ought to be done for the benefit of [illegible] the future and that [illegible] this is why I have [illegible].

A. [illegible] right. [illegible] is [illegible]

This is what you mean? A. Yes.

[illegible] the [illegible] was brought [illegible].

Q. [illegible] motions to [illegible]?

A. Yes.

[illegible]: A. That prior validation of [illegible] applied only to [illegible]? A. Yes sir.

[illegible] A. [illegible] [illegible].

Q. [illegible]: General [illegible] intervention [illegible] this [illegible] be [illegible].

[illegible] the intervenants [illegible] though, not [illegible].

Mr. [illegible]: No.

The [illegible]: It is filed to all [illegible] made on [illegible] and what [illegible] would [illegible] [illegible] of [illegible] [illegible] A. That is right. In other words, it is [illegible]

the old fixed value of $1.25 that these new rates suggested.

MR. KELLOCK: Is there anything that you wish to add? A. I would like to have quoted something from an address by ex-Governor Allen of Kansas who gave an address at the annual meeting of the Canadian Chamber of Commerce - he had just returned from England - bearing on the situation as he saw it, the dangers when they changed from free trade to tariff but unless Mr. McRuer wants to ask me some questions about tariff perhaps that had beeter not be referred to.

THE COMMISSIONER: No, that is going too far afield.

THE WITNESS: I have that if it is needed. It is rather interesting.

MR. McRUER: You might start to read the Manchester Guardian on that subject.

MR. KELLOCK: Q. Have you anything to add, Dr. Dawson? A. I think that is all that I have Germaine to the present inquiry.

Q. You said you had some material being sent to you. I have just been handed an envelope addressed to you. You might see? A. Yes, there is certain information I asked for at lunch time. There were certain letters that were presented by Mr. Tolmie at the time he met with other representatives from the other Mills, when he met Messrs.

the old fixed value of plus that was never mentioned.

MR. ADAMS K.C.: Is there anything that you wish to add? A. I would like to have quoted something from an address by ex-Governor Allen of Massachusetts who gave an address at the annual meeting of the Canadian Chamber of Commerce - he had just returned from England - bearing on the attention as he saw it, the dangers when they changed from free trade to tariff but unless Mr. Acker wants to ask me some questions about tariff perhaps that had better not be referred to.

THE COMMISSIONER: No, that is going too far afield.

THE WITNESS: I have that if it is needed. It may be taken immediately.

MR. MOLDEN: You might start to read the Manchester Guardian on that subject.

MR. ADAMS K.C.: Q. Have you anything to add, Dr. Dawson? A. I think that is all that I have germane to the present inquiry.

Q. You said you had some material being sent to you. I have just been handed an envelope addressed to you. You might see. A. Yes, there is certain information I asked for at lunch time. There were certain letters which were presented by Mr. Wade at the time he was with other witnesses from the other mills, when he at Kenora.

Dunning, Euler and Illsley at Ottawa January 14th. This perhaps would answer some questions that were asked this morning as to why instructions were given the mills to reduce production and to cut out certain lines.

Q. What letter is this? A. It is a letter that came from our representative in Winnipeg to Mr. Tolmie, dated January 9th, 1936, and Mr. Tolmie read these letters, as I understand, before the Ministers when they met them in Ottawa on January 14th. This letter from Winnipeg is as follows:

"Rayon Taffeta. I am enclosing a letter received today from Robinson, Little Company which possibly may more easily be understood by you than was the case with us. I asked Mr. Rombough for an explanation. He rather reluctantly explained that he had recieved from two sources in Toronto a price of 13½¢ f.o.b. Toronto for 27" Japanese Rayon Taffeta and 14½¢ for 27" Brocaded Taffeta. This latter quotation while not concerning us at present is being passed on to you as a matter of interest. Our rayon based on our present list cannot hope to be sold against the Japanese material which can be offered to the consumer at the price we are asking at the mill. Unfortunately I notice from the stock sheets that not only is there

Dunning, Euler and Illsley at Ottawa January 14th. This perhaps would answer some questions that were asked this morning as to why instructions were given the mills to reduce production and to cut out certain lines.

Q. What letter is that? A. It is a letter that came from our representative in [illegible], [illegible], [illegible] Va., [illegible], and Mr. [illegible] read these letters, as I understand, before the Airk here when they met them in Ottawa on January 14th. This letter from Wilmington is as follows:

"Rayon T Prets. I am enclosing a letter [illegible] which possibly may more easily be understood by you than was the case with us. I asked Mr. Hombough for an explanation. He rather reluctantly explained that he had received from two sources in Toronto a price of 18¾ f.o.b. Toronto for 27" 1ep mass Rayon Tarfets and 14¾ for 37" brocaded Tarfets. This letter quotation while not concerning us at present is being passed on to you as a matter of interest. Our reason based on our present list cannot hope to be said against the lowest material which can be offered to the consumer at the price we are selling at the mill. Unfortunately I notice from the stock sheets that not only is these

a substantial stock unsold in 27" and 36" lines, but also heavy commitments by our customers for future delivery. Naturally R.L. & Company are not going to be the only ones refusinf to accept balances of orders unless our prices are made competitive. You have an unenviable decision to make in this connection but unless there is some prospect of a change of heart on the part of our Government it would appear that you had no alternative but to accept a terrific licking and clear the line out. Your advice in this connection would be appreciated. by wire."

And attached tothat letter is a copy of letter that they received at the Winnipeg office from Robinson Little & Company, also located in Winnipeg:

"The Canadian Cottons Ltd.,
Lindsay Building,
Winnipeg, Man.

Dear Sirs:

We would ask you to kindly wire the mill to cancel the balance of #9990, Rayon Taffeta.

Your immediate attention to this would be appreciated, also have the mill acknowledge this cancellation by wire."

MR. McKUER: Q. What date is that? A. The date of the Robinson Little letter is January 8th, and then there was a letter of January 10th from our Winnipeg agent, also read at the Ottawa meeting:

a substantial break usually in 47 and 48 lines, and also heavy commitments by our customers for future delivery. Personally I think my view was going to be the only one [illegible]

our prices are more competitive. I am now in unavoidable decision to make in this connection but unless there is some proposal of a nature of benefit on the part of our government it will appear that you had no alternative but to accept a specific loading and close the line out. Your advice in this connection would be appreciated. By wire."

The attached to-wit letter is a copy of letter that they received at the Winnipeg office from Manitoba Company, also located in Winnipeg:

"The Canadian Bottom Ltd.,
Winnipeg, Man.

Dear Sirs:

We must ask you to kindly wire the mill to cancel the balance of 1000, tons per month.

Your immediate attention to this would be appreciated, also have the mill acknowledge this cancellation by wire."

Mr. Leckie: Q. What date in June, or the date of the cancellation letter is January 6th, and then there was a letter of January 10th from the Winnipeg agent, also read at the Ottawa meeting:

"We have as I expected an inquiry this morning from Mr. Geo. Oakes of Coults Alberta Limited, Edmonton, asking what we propose doing to meet the Japanese competition on Plain Rayon Taffetas. I have asked that he defer placing orders else here until he hears from us.

Mr. Forster of Eatons this morning expressed to my surprise his disgust with the Government in allowing Japanese goods to flood this country at the expense of home industry. He can readily see how impossible it is for Canadian companies, maintaining such standards as we have here, to compete with Japan where wages of 20¢ a day are paid and not for an eight hour day but for a twelve hour day or longer. He had a memo of wage schedules in his pocket. He cannot see, unless the Government do something to relieve the situation quickly, how we and others making materials that conflict with those being made in Japan are going to have a show at all. Such lines as our Ø 4050 and 4051 Check Taffetas, samples of which we have just received he believes will now be available from Japan at 35 to 40% less than we are quoting. His stock of Rayons will, he pointed out, have to be marked down to the extent that a serious loss will be involved. He did not

We have as I expected an inquiry this morning from Mr. Geo. Cakes of Owls Alberta Limited, Edmonton, asking what we propose doing to meet the Japanese competition on jute to your Province. I have asked that he refer placing orders elsewhere until he hears from us.

Mr. Forster of Watons this morning expressed to my surprise his disgust with the Government in allowing Japanese goods to flood this country at the expense of home industry. He can readily see how impossible it is for Canadian companies, maintaining such standards as we have here, to compete with Japan where wages of 30¢ a day are paid and not for an eight hour day but for a twelve hour day or longer. He had a memo of wage schedules in his pocket. He cannot see, unless the Government do something to relieve the situation quickly, how we can compete making materials that conflict with those being made in Japan are going to have a show at all. Even lines as our Q 4030 and 4031 Cheese Fletters, samples of which we have just received he believes will not be available from Jap's at 55 to 60¢ less than we are quoting. Mr. [illegible] of Ottawa and Mr. Pulvick out, have to be worked down to the extent that a serious loss will be involved. He did not

say what his attitude would be towards unshipped orders and I did not press the point as he will be in Montreal, he expects, on his way overseas, January 27 and 28th."

EXHIBIT 491: Copies of letters of January 9th, 1936, January 8th, 1936, and January 10th, 1936, from Winnipeg.

MR. KELLOCK: I think that is all, my Lord, that I have.

THE COMMISSIONER: Mr. McRuer?

CROSS-EXAMINATION BY MR. McRUER:

Q. What was the last page of this letter from Mr. Colmie to Mr. Bruneau, Exhibit 489?

A. I really don't know.

Q. There seems to be a portion of the page cut away that has been typed. You can see that? A. I have not any idea what that was. They were just handed to me.

Q. The typing seems to correspond all the way across? A. I have no doubt I can get that.

Q. I am always interested in everything that is contained in a letter like this. Will you get the original letter from Mr. Bruneau? A. Well, the complete copy, the original letter would be at the Mill, of course.

Q. Is not there a carbon copy in your office? A. Should be.

Q. That would give us that information? A. Yes.

Q. Because there might be something that we are overlooking in connection with the matter? A. I will be glad to see if there is anything on that taken off that should not be.

Q. There is something obviously taken off? A. Looks as if the sheet taken off.

Q. It is more than that. They did not cut between the lines, they cut and left something of

EXAMINATION CONTINUED, Q. Cont'd:

Q. What was the last page of this letter from Mr. Jolnie to Mr. Brunnen, Exhibit 4997?

A. I really don't know.

Q. It was to be a portion of the page not sent away that was kept. The [illegible] A. I have not any idea what that was. They were just handed to me.

Q. The typing seems to correspond all the way [illegible] A. I have no doubt I can get that.

Q. I am always interested in everything that is contained in a letter like this. Will you get the original letter from Mr. Brunnen? A. Will the complete copy, the original letter would be at the mill, of course.

Q. Is not there a carbon copy in your office.

A. Should be.

Q. Then would give me that information.

A. Yes.

Q. [illegible] may be overlooking in connection with the matter.

A. I will be glad to see if there is anything on that taken off that should not be.

Q. There is something obviously taken off.

A. Looks as if the sheet taken off.

Q. It is more than that. They did not cut between the lines, they cut and left something of

the letters on? A. They did not do a good job.

Q. Did I take it down correctly what you said Mr. Tolmie told you about what had been said to them at Ottawa? I took it down this way: They were asked to get together and report on what was necessary to save the situation? A. That is what I understood, yes.

Q. That is what you understood from Mr. Tolmie? A. I am not sure whether that was at that particular meeting or later but, at any rate, that was the information that Mr. Tolmie gave me.

Q. Have we got the letter? A. What is that letter addressed to Major Hallam? What was the date of that, please? The meeting at Ottawa was what date?

Q. And you told us as a result of that meeting they got together - Mr. Dodd and Mr. Hallam got together and worked out this data that is contained in Exhibit 490 - that is right? A. Yes. The only thing I am not sure of is what date they were asked for that. There must be quite a gap between the date of that meeting in Ottawa and the date of Mr. Tolmie's letter to Mr. Hallam.

Q. No, two days? A. Then that must be it.

Q. The meeting in Ottawa was 14th of January and this is dated the 16th of January? A. That

the letters out? A. They did not do a good job.

Q. Did I have it down correctly what you said Mr. Jolnie told you about what had been said to them at Ottawa? I took it down this way: They were asked to get together and report on what was necessary to save the situation? A. That is what I understood, yes.

Q. That is what you understood from Mr. Jolnie? A. I am not sure whether that was at that particular meeting or later but, at any rate, that was the information that Mr. Jolnie gave me.

Q. Have we got the letter? A. What is that letter addressed to Major Williams? What was the date of that, please? The meeting at Ottawa was what date?

Q. And you told us as a result of that meeting they got together - Mr. Todd and Mr. Williams got together and worked out this data that is contained in Exhibit 400 - that is right? A. Yes. The only thing I am not sure of is what date they were asked for that. There must be quite a gap between the date of that meeting in Ottawa and the date of Mr. Jolnie's letter to Mr. Williams.

Q. So, two days? A. Does that make it?

Q. The meeting in Ottawa was Sat. of January and this is dated the 16th of January? A. That

must have been - that is statement made to me, they were asked to get together and state just what would be necessary to save the situation.

Q. They were asked to get together and then discuss the matter and report back to Ottawa as to what they thought would be necessary to save the situation? A. That is what Mr. Tolmie told me.

Q. And then as a result of a conference between Mr. Dodd of the Dominion Textile and Mr. Tolmie these figures were evolved and passed on to Mr. Hallam? A. Yes.

Q. Just let me have Mr. Marx report of the conference down there. Now, is a report that was sent out by Mr. Berry, which purports to be a report of Mr. Marx, the chairman of the Broad Silk Section of the Silk Association. Oh, I beg your pardon you were not present at this meeting in Ottawa? A. No sir.

Q. Well, at any rate, it is stated in here that Mr. R. G. Tolmie, Canadian Cottons Ltd., explained to the Ministers that the Japanese goods had forced a setting down of the Milltown mill which was making these goods and produced cancellations of orders which had been received? A. Well, Mr. Tolmie reported to me that he did not say that they had shut down but that they would be compelled to shut down.

must have been - that is statements made to me, they were asked to get together and state just what would be necessary to save the situation.

Q. They were asked to get together and then discuss the matter and report back to Ottawa as to what they thought would be necessary to save the situation? A. That is what Mr. Tolmie said yes.

Q. And was as a result of a conference between Mr. Todd of the Dominion Textile and Mr. Tolmie these figures were evolved and passed on to Mr. Gallant? A. Yes.

Q. Just let me see Q. Back report of the conference does there. No, I, report that was sent out by Mr. Perry, which purports to be a report of the meeting, was sent out by the Secretary of the Silk Association. Oh, I beg your pardon you were not present at this meeting in Ottawa in the air.

Q. Well, at any rate, it is not in here that Mr. . Q. Tolmie, Dominion Textile, explained to the Ministers that the increases made had forced a setting down of the mills which was making these goods and produced cancellations of orders which had been received? Q. Well, Mr. Tolmie reported to me that he did not say that they had shut down but that they would be compelled to shut down.

Q. You asked Mr. Tolmie about that? A. Yes, I asked him.

Q. When did you ask him? A. Well, I think the time it was stated. Somewhere in the press as a result of this work the Commission was doing the statement was made that this Mr. Tolmie had stated, made such a statement at Ottawa.

Q. And he said that they would be compelled to shut down? A. That is his impression they would be compelled.

Q. Just let me go over any cancellations of orders.

THE COMMISSIONER: Q. About shutting down - there never was a shutting down. Had there been a shutting down? A. Only the instructions that were given on January 8th by telephone to Mr. Tolmie to discontinue these lines as they run out.

Q. That is a different thing, The mill was never shut down ? A. No, the mill was never closed.

MR. McKUM: Q. Will you tell me what orders had been cancelled at the date of this interview with the Ministers? A. There is no information I have other than what has been read into therecord there, these letters from Winnipeg to Mr. Tolmie stating--

(Page 7165 follows)

Q. You served Mr. Tolmie about that? A. Yes, I served him.

Q. When did you ask him? A. Well, I think the time it was stated. Somewhere in the press as a result of this work the commission was doing the statement was made that this Mr. Tolmie had stated, made such a statement at Ottawa.

Q. And he said that they could be compelled to shut down? A. That is his impression they would be compelled.

Q. Just let me go over any conversations of mine.

THE COMMISSIONER: Q. About shutting down - there never was a shutting down. Had there been a shutting down? A. Only the instructions that were given on January 5th by telephone to Mr. Tolmie to discontinue these lines as they run out.

Q. That is a different thing. The mill was never shut down? A. No, the mill was never closed.

MR. MONDER: Q. Will you tell me what course had been compelled at the hand of this laboratory with the Ministers? A. There is no information I have other than what has been read into evidence there. I am believe from Monday Mr. Tolmie testing.

(Page 7165 follows)

Q. I want to get it all? A. I think there was a statement made in one of the letters. You will remember, that certain customers said that they would have to return these, or the price would have to be reduced.

Q. Well, this is an excerpt from a letter, from G.H. Dawson, Canadian Cottons, Winnipeg. A. Yes, he is our representative there.

Q. Dated January 10th? A. Yes.

Q. Have you got the rest of the letter, Mr.Dawson? A. That letter addressed to Mr.Tolmie?

Q . No, this is a letter from G.H. Dawson to R.G. Tolmie? A. I presume that that is a copy of the whole letter.

Q. No, it says it is an excerpt, and it is not a copy of the whole letter? A. Well, that is all I have, Mr. McRuer.

Q. Where is the rest? A. The original would, no doubt, be available.

Q. Well, may we have it? A. What is the date of that?

Q. January 10th, 1936. A. January 10th, 1936, from Winnipeg to Mr. Tolmie.

Q. Yes:

"We have, as I explained, an inquiry this morning, from Mr. George Oakes, of Gaults (Alberta) Limited, Edmonton, asking what we propose to do to meet the Japanese competition on plain rayon

Q. I want to get it all? A. I think there was a statement made in one of the letters. You will remember, that certain customers said that they would have to return them, or the price would have to be reduced.

Q. Well, this is an excerpt from a letter, from R.J. Owens, Northern Customs, Limited. A. Yes, he is our representative there.

Q. Dated January 1st? A. Yes.

Q. Have you got the rest of the letter, Mr.Dunnett?

A. That letter mentioned to Mr.Tomlay

Q. No, this is a letter from R.J. Owens to R.E. Tomlay? A. I presume that that is a copy of the whole letter.

Q. No, it says it is an excerpt, and it is not a copy of the whole letter? A. Well, that is all I know, sir, about.

Q. Where is the rest? A. The original would, no doubt, be available.

Q. Well, may we have it? Q. What is the date of that?

[illegible] A. Yes.

We have, as I explained, an inquiry this morning, from Mr. George Owens, of Swiss (Alberta) Limited, Edmonton, asking what we propose to do to meet the Japanese competition on plain rayon

taffetas. I have asked that he defer placing orders elsewhere until he hears from us."

Well then, there were no cancellations there.

A. Not as far as I know.

Q. What business had your company done with George Oakes of Caults, Alberta; how much business?

A. I haven't any record. I think I can have that prepared for you.

Q. Well, have you any idea of what business it was, or how important Caults cancellation was? A. You see, this is information that I am supplied with. It does not come through my department at all. I am only picking up the loose strings paid down by a certain man. I can obtain anything that you wish.

Q. Well, we don't want there to be any mistake about it, Mr. Dawson. Certain statements were made to the Ministers at Ottawa, and I want to know on what they were founded? A. Yes.

Q. And you were producing certain correspondence here? A. Yes.

Q. Then you produce an excerpt from a letter from G.H. Dawson, of Cottons Limited, dated January 8th, or January 10th. Now, might we have the whole of that letter? A. Oh, yes.

Q. Why were not the original letters brought here? A. I did notknow that they were needed, and I thought there might be some reference in a letter of that kind and that it would not be wise to make it public.

tariffs. I have asked that he defer placing
accounts elsewhere until we know from you.
well then, there were no consultations then.
A. Not as far as I know.
. Then business had your company from or the Province
Lodge of Moulds, Alberta; how much business?
A. I haven't any record. I think I can have that
prepared for you.
. Well, have you any idea of what business it was,
or how important Moulds appeared also? . Yes
sir, this is information that I am supplied with.
It does not come through my department at all.
I am only placing on the loose articles held down by
a metallic lock. I had several requests that you talk.
. Well, we don't want there to be any misuse
about it, Mr. Bennett. Perhaps misunderstanding
to the Ministers at Ottawa, so I want to know on
what they were founded? A. Yes.
. And you were conducting certain correspondence
here? . Yes.
. Then you produce an account from a letter from
Mr. Bennett, at Ottawa (Ontario), dated December 6th,
or January 10th. Now, did we have the whole of that
letter? . Oh, yes.
. Why were not the original letters brought here?
A. I did not know that they were needed, and I thought
there might be some reference in a letter of that kind
that it would not be wise to make it public.

Q. Well, Mr.Dawson, we can determine whether or not it should be made public? A. Personally, I have no objection whatever.

Q. Have you seen the original letters? A. No, I haven't see the original, but I will be very glad to have that supplied to you.

Q. Well then, this is dated January 9th, and then that encloses a letter from Robertson Little & Co., dated January 8th--- A. Would you like the original of that too?

Q. Yes, I think we might as well have the original I am not so much worried about this; it is apparently all copied here. Now, there is not the slightest suggestion in that letter that they were having cancellations because of Japanese goods?

A. No.

Q. No? A. There is a strong supposition ,though.

Q. A strong supposition. Why, there hasn't been a pound of Japanese goods up to that time; there had not been a pound of Japanese goods in Canada at that time? A. That should not make any difference, Mr. McRuer. That is not the basis on which trading is done. If you were an active merchant you would know that as soon as the quotation is given that is the price; then immediately people begin to reduce their stocks.

Q. That was not true in this case. In Canada your prices did not all go down all over Canada, because of these quotations? A. Well, the sales went down

Q. Well, Mr. Dawson, we can determine whether or not it should be made public? A. Personally, I have no objection whatever.

Q. Don't you have the original letter? A. No. I haven't see the original, but I will be very glad to have that supplied to you.

Q. Well then, this is dated January 9th, and then that encloses a letter from Robertson Little & Co., dated January 8th--- A. Would you like the original of that too?

Q. Yes, I think we might as well have the original. I am not so much worried about this; it is apparently all copied here. Now, there is not the slightest suggestion in that letter that they were having cancellations because of Japanese goods?

A. No.

Q. Not? A. There is a strong supposition, though.

Q. A strong supposition. Why, there hasn't been a pound of Japanese goods up to that time; there had not been a pound of Japanese goods in Canada at that time. Q. Then should not that say something, Mr. Mosher. That is not the basis on which trading is done. If you were an active merchant you would know that as soon as the quotation is given that is the price; then immediately people begin to reduce their stocks.

Q. That was not true in this case. In Canada your prices did not go down all over Canada, because of these quotations. Q. Well, we have seen that

Q. Well, we will see about that. We will see whether it had anything to do with it or not?

A. Yes.

Q. But it was not true that prices went down, as you suggest, that as soon as the quotation is made that is the price; that is what you told me. Now, that was not true in Canada, was it? A. It was quite true.

Q. Did your price go down? A. No, but our sales stopped to quite an extent, Mr. McRuer. As I say, when a quotation is given, if people requires goods they cannot get them from Japan in a day, and they would have to fill in temporarily until these goods arrived. If you were a merchant, Mr. McRuer, you would do--

Q. do not talk about what I would do, Mr. Watson.

A. Well, Mr. McRuer, if I had a suit of clothes offered to me at $50.00 which before had been quoted at $75.00, well, I would try to get along with my old suit. That is the way a merchant does. He buys as little as he possibly can until he can get them cheaper in Canada, or in any other country.

Q. To get back to the matter we were discussing, and please let us try to keep closer to what we have been discussing, Mr. Dawson,-- Mr. Tolmie evidently told the Ministers at Ottawa, or explained to the Ministers at Ottawa that Japanese goods had forced the shut-down of the Milltown mill. You say he says

Q. Well, we will see about that. We will see whether it had anything to do with it or not.

A. Yes.

Q. Now let me put it more clearly, as you so put, that as soon as the question is made that is the price; that is what you told me. Now, that was not true in fact, was it? A. It was quite true.

Q. Did your price go down? A. No, but our sales started to quite an extent, Mr. Commer. As I say, when a prohibition is given, if people continue goods they cannot get them from Japan in a day, and they would have to wait a considerably until these goods arrived. If you have a moment, Mr. Commer, you would do--

Q. Do not talk about what I would do, Mr. Commer.

A. Well, Mr. Commer, if I had a suit of clothes offered to me at $40.00 which before had been worth at $75.00, well, I would try to get along with my old suit. That is the way a tradesman does. We buys as little as he possibly can until he can get some money in Canada, or in any other country.

Q. To get back to the matter we were discussing, and please let us try to be a clever to what we have been discussed, Mr. Dawson,-- Mr. Tolmie evidently has the Ministers at Ottawa, or expressed to the Australian Minister that Japanese goods had forced the manufacture of the Australian. You say he has

he did not say that? A. That is right.

Q. That Woods shut down the Milltown Mill, and he produced cancellations of orders that had been received. Now, you can ot show me anything that suggests any cancellations. There is nothing you have, you just put it as a strong supposition, that you had one cancellation of an order, - and you put it as a supposition that it was Japanese goods that caused it? A. Yes.

Q. And that is all at the time of this interview with the Ministers? A. Yes, that is quite so. I haven't any information other than that. But I know what I would do in my position.

Q. Now, do you think it is quite fair and truthful to put it to the Ministers, that Japanese goods had produced cancellations of orders which had been received when you didn't have anything but one letter cancelling one order, and nothing but a supposition that it was Japanese goods? A. Well, Mr. McKuer, I think it is quite clear that any man who is a merchant; if you buy goods at 17½ cents or 18½ cents and they are being quoted in the market at 11½ or 12 cents, - you would stop buying, and you would try and get rid of what stock you had on hand, try and cancel the goods that you had bought.

Q. Well, that is one thing, but that is not an answer to the question I asked. I asked you if you thought it was quite truthful and quite fair to put

so did not say that . . . A. That is right.

. That goes shut down the Military Mill, and be produced correspondence of orders that had been received. Now, you can't show me anything such suggests any conciliations. There is nothing you have you just put it as a strong supposition, that you had the conciliation of an order, - and you put it as a supposition that it was Japanese goods that caused it, . . . Yes.

. and that is all so the time of this interview with the Minister? A. Yes, that is quite so.

I haven't any information other than that.

But I know what I would do in my position.

. Now, do you think it is quite fair and honest to put it to the Minister, that Japanese goods had produced conciliations or orders which had been received when you didn't have anything but one letter cancelling one order, and nothing but a supposition that it was Japanese goods? . Well, Mr. Counsel, I think it is quite clear that any man who is a merchant; if you buy goods at 17½ cents or 18½ cents and they are being quoted in the market at 11½ or 12 cents, - you would say nothing, and you would try and get rid of what stock you had on hand, by the

. Well, that is one thing, but that is not an answer to the question I asked. I asked you if you thought it was quite honest, you know that by put

to three Ministers of the Crown, who were charged with a heavy responsibility to the public in this country, that Japanese goods had produced cancellation of orders which had been received, when the only thing that you had was the one letter, and you supposed only that it was on account of Japanese goods?

A. Well, I have no doubt that Mr. Tolmie, before he went to Ottawa, had been in contact with his salesmen, and that they had assured him that orders would not be obtainable at the old prices in view of the quotations made by the Japanese.

Q. You are only conjecturing on that? A. Surely that is --

THE COMMISSIONER: Just a moment, please. You are jumping from the question of orders being cancelled to new orders being obtained. I think you had better stay on the cancellation of orders.

BY MR. McR[illegible]: You see, Mr. Dawson, the Ministers have to consider a course to be taken in those matters. They have got to measure things, and they have to decide as to how muhh they can rely on the representations that are put forward by you or your company? A. Yes.

Q. And I am saying, what do you say as to whether you think it is fair to put before the Ministers the statement, that Japanese goods had produced cancellations of orders which had been received when the only thing you had was that one letter from the [illegible]

to these Ministers of the Crown, who were charged with a most responsibility to see to this country, that Japanese goods had passed respecting orders which had been received, then the only thing that you had was the one letter, and you suggested only that it was on account of Japanese goods?

A. Well, I have no doubt that Mr. Tolmie, before he went to Ottawa, had been in contact with his colleagues, and that they had assured him that orders would not be obtainable at the old prices in view of the conditions with Japan.

. You are only conjecturing on that? A. Merely that is —

THE COMMISSIONER: Just a moment, please. You are jumping from the question of orders being cancelled to new orders being obtained. I think you had better stay on the cancellation of orders.

BY MR. MACKAY: You see, Mr. Jackson, the Ministers have to consider a course to be taken in these matters. They have got to measure things, and they have to decide as to how much they can rely on the representations that are put forward by you or your company? . Yes.

And I ask, what do you say as to whether you think it is fair to put before the Ministers the statement, that statement which you have mentioned, of prices before the cancellation of orders before Jap. Japan, the Japs being put out of the Japan Sea by

Robinson Company, and mere conjecture that it was on account of Japanese goods that the order had been cancelled? A. Well, had I been in Mr.Tolmie's place, and knowing what I presume he knew, I would have looked forward to thefuture of the St. Croix mill,and I would have said as he said, - taking it on a basis of stuff being offered at 11¾ cents that were were selling at 18 cents, that the future of that mill was in tariff, if that continued --

Q. Just a moment, Mr. Dawson, please. Will you read my question to the witness, Mr. Brydie?

THE REPORTER repeated question as follows:

"I am saying, what do you say as to whether you think it is fair to put before the Ministers the statement, that Japanese goods had produced cancellations of orders which had been received when the only thing you had was that one letter from the Robinson Company, and mere conjecture that it was on account of Japanese goods that the order had been cancelled."

Now, would you please answer that question? A. I don't think there is anything in that statement, Mr. McRuer, to the Ministers that says that that was the basis of the reason the mill was stopped was specially because of cancellations; I don't think a man can read that into it at all. I would like you to read again--

Q. Please let me get what your statement is on that? A. You have my own statement, and there is no evidence that that was a statement that Mr.

Robinson Company, and were conjecture that it was on account of Japanese goods that the order had been cancelled? A. Well, had I been in Mr. Foley's place, and knowing what I presume he knew, I would have looked forward to the future of the M. Grain Mill, and I really have gone on as well, - looking it on a basis of stock being offered at 113 cents that were selling at 15 cents, that the future of that mill was in doubt, if that continued --

Q. Just a moment, Mr. Dawson, please. Will you read my question to the witness, Mr. Aylesworth?

The question recorded question as follows:

"I am saying, that do you say as to whether you think it is fair to put before the ministers the statement, that Dawson Grain had received cancellations of orders which had been received when the only thing you had was that one letter from the Robinson Company, and have preliminary that it was on account of Japanese goods that the order had been cancelled."

Now, would you please answer that question? A. I don't think there is anything in that statement, Mr. Sonnet, to the ministers that says that that was the basis of the reason the mill was stopped was specially because of cancellations; I don't think a man can read that into it at all. I would like you to read--

Q. Please let me get what your statement is on that? A. You have my own statement, and there is no evidence that that was a reasonable thing to

Tolmie made to the ministers that because of cancellations the St. Croix mill was going to be closed. That is reading something into it that does not exist, Mr. McRuer. There were various reasons; that was only one, because some cancellations were being received --

Q. No, no. No doubt some cancellations had been received. I am getting at what cancellations had been received at that time on account of Japanese competition? A. Yes. Well, I have no knowledge other than that.

Q. Then my question was, do you think it was fair to put before the Ministers a statement that cancellations had been received on account of Japanese goods? A. Well, I would like to see the statement that was made to the Ministers.

Q. Well, as it is reported here. A. Mr. Tolmie says that report is not right. Is that the official report taken down by a stenographer at the meeting?

A. No. Did you not get a copy of this report afterwards, Mr. Dawson?

THE COMMISSIONER: Pardon me, this is Mr. Hallam's report?

MR. McRUER: Mr. Marx' report, sent out by Mr. Berry.

Q. Mr. Hallam was present at that meeting, was he not? A. I presume so. I have no official knowledge of that either.

Q. I think he was? A. Mr. Dodd was there,

Johnie made to the ministers that because of cancellations the St. Croix mill was going to be closed. Now is anything happening why it may come into effect, Q. Yes. There are some cancellations recently that are, of course, because more cancellations were being received --

A. No, no. No doubt some cancellations had been received. I am getting at what cancellations had been received at that time on account of Japanese competition? A. Yes. Well, I have no knowledge other than that.

Q. Then my question was, do you think it was fair to put before the Ministers a statement that cancellations had been received on account of Japanese goods? A. Well, I would like to see the statement that was made to the Ministers.

Q. Well, as it is presented here. Q. Mr. Dawson says that report is not right. Is that the official report taken down by a stenographer at the meeting?

A. No. Did you not get a copy of this report Mr. Dawson?

THE COURT ADJOURNED: Pardon me, this is Mr. Hallam's report.

MR. DONLAN: Mr. Hart' report, sent out by Mr. Perry.

Q. Mr. Hallam was present at that meeting, was he? A. I remember. I have no official memoranda of that either.

Q. I think he was. Q. Mr. Lewis was there.

Mr. Marx, Mr. Tolmie, Mr. Hallam. Yes, he was there.

THE COMMISSIONER: Mr. Marx drafted the report?

MR. McRUER: Yes, Mr. Marx drafted the report, my lord.

Q. Then there were no cancellations at that time that you can directly attribute to Japanese goods? A. Nothing that I know of.

Q. Nothing that you know of? A. No.

Q. Now, Mr. Dawson, have you any cancellations up to the present time that you can directly attribute to Japanese goods? A. No, sir. I think if you will refer to that letter again, to one of those letters, you will see that the statement was made that some of the customers said that they held the right to either return these goods or get an allowance on them to bring them down to a lower valuation.

Q. Well, they may have been doing what Mr. Dunning is said to have suggested that they were probably doing, that is, pulling your leg a bit to try and get a lower price. At any rate, whatever they were doing, we come to this, that up till the present time you have no knowledge of any cancellations that have been received by customers on account of Japanese goods? A. No. There is the record there, I think, where one customer in Winnipeg had, but that is the only knowledge I have.

Q. Well, even there, Mr. Dawson --

Mr. Marx, Mr. Tolmie, Mr. McLean. Yes, he was there.

THE COURT REPORTER: Mr. Marx drafted the report?

MR. MONTEIH: Yes, Mr. Marx drafted the report, my lord.

Q. Then there were no conciliations at that time that you can directly attribute to Japanese goods?

A. Nothing that I know of.

Q. Nothing that you know of? A. No.

Q. Now, Mr. Dawson, have you any conciliations up to the present time that you can directly attribute to Japanese goods? A. No, sir. I think if you will refer to that letter again, to one of those letters, you will see that the statement was made that some of the customers said that they held the plant at various values [illegible] on them to bring them down to a lower price.

Q. Well, they may have been [illegible] it said to have suggested that they were [illegible] doing, that is, pull my your leg a bit to try and get a lower price. At any rate, whatever they were doing, we come to this, that up till the present time you have no knowledge of any conciliations that [illegible] goods? A. No. There is the record there, I think, where one customer in Winnipeg had, but that is the only knowledge I have.

Q. Well, [illegible] --

BY THE COMMISSIONER: Q. Before you read the question of cancellations, Mr. Dawson, you do have cancellations in your business, do you not?

A. Oh, yes.

Q. Did you get any cancellations of this sort of godds during the last six months of 1935?

A. Well, that I have no knowledge of. As you know, sir, in business we are subject to that sort of thing for one reason or another.

BY MR. McRUER: Q. Well, is it not a well-known fact, Mr. Dawson, that there was very heavy over-production of rayon during the latter part of 1935?

A. Well, I have no knowledge of that, Mr. McRuer.

Q. You do not know that there was over production? A. No.

Q. Did you ever enquire to determine whether there was or not? A. No, I did not. I heard that it was stated here that there had been over-production.

Q. Yes, it was stated here very emphatically.

THE COMMISSIONER: Did we not get some evidence here that there was world-wide production as well as Canadian?

MR. McRUER: Yes, that was stated as well.

Q. As a matter of fact, I have a report to that effect, which appeared in the Montreal Gazette within the last three or four days. Did you read that report ? A. No, I did not notice that.

BY THE COMMISSIONER: Before you read the quotation of conciliation, Mr. Dawson, you do have conciliations in your business, do you not?

A. Yes.

Q. Did you get any conciliation of this sort of goods during the last six months of 1929?

A. Well, that I have no knowledge of. As you know, sir, in business we are subject to that sort of thing for one reason or another.

Q. Well, Mr. Dawson, let it be a matter of fact, Mr. Dawson, that there was very heavy over-production of rayon during the latter part of 1929?

A. Well, I have no knowledge of that, Mr. Commissioner.

Q. You do not know that there was over production? A. No.

Q. Did you ever enquire to determine whether there was or not? A. No, I did not. I heard that it was stated here that there had been over-production.

Q. Yes, it was stated here very emphatically.

THE COMMISSIONER: Did we not get some evidence here that there was world-wide production as well?

A. Mr. Commissioner: Yes, that was stated as well.

Q. As a matter of fact, I have a report to that effect, which appeared in the Montreal Gazette within the last three or four days. Did you read that report?

Q. Did you not have a higher stock of taffeta on hand at the end of 1935 than you had had for some years? A. I think that is dealt with in that letter from Winnipeg, Mr. McRuer.

Q. Well now, could you answer my question, Mr. Dawson? A. I really have no personal knowledge. That comes under the general manager and the sales department. It might be quite true.

Q. It might be quite true? A. Yes.

Q. We can probably get your stock on hand? A. Yes.

Q. If you will give us the record of your stock on hand, of these different lines? A. What date, please?

Q. Just give it to us by months, for the last two or three years, 1934, 1935 and 1936, and we can see how the stock was going along.

A. Not in any particular ranges? A.

Q. Oh no, all of them. A. All rayons.

Q. Yes, so that we will just see what the progress has been? A. Yes.

Q. Now, if there was a heavy over-production of rayons, do you think that the trade would not buy from hand to mouth irrespective of Japanese competition, because they would anticipating a drop in price due to over production? A. I don't think so. That certainly was not the condition in ourst. Croix mill; we were layin some of our looms, or , rather,

Q. Did you not have a larger stock of textiles on hand at the end of 1929 than you had for some years? A. I think that is dealt with in that [illegible] Q. Dawson.

Q. Well now, could you answer my question, Mr. Dawson? A. I really have no personal knowledge. That comes under the general manager and the sales department. It might be quite true.

Q. It might be quite true? A. Yes.

Q. We can probably get your stock on hand?

A. Yes.

Q. If you will give us the record of your stock on hand, of these different lines? A. Last date, [illegible]

Q. Just give it to us by months, for the last two or three years, 1928, 1929 and 1930, and we can see how the stock was going along.

A. Not in any particular report? Q.

Q. Oh no, all of them. A. All reports.

Q. Yes, so that we will just see what the [illegible] [illegible] A. Yes.

Q. Now, if there was a heavy over-production of rayons, do you think that the trade would not buy from need to month irrespective of Japanese competition because they would anticipate a drop in price due to over production? A. I don't think so.

That certainly was not the condition in 1929. Rarely will; we were laying some of our losses, or , rather,

we were running some of our looms, many of them, as I recall it, in three shifts.

Q. You may have been running on three shifts, and you may have been building up an over-production?

5 A. No.

Q. Well, you say, No. Were you or were you not?

A. We would not be running three shifts, for the sake of putting in new stock.

10 Q. But you may have not realised that other people were building other stocks too? A. That is true.

Q. Will you say that you did not have a big surplus stock? A. I will check the records of it. That would be the better way, Mr. McRuer.

15 Q. But what I am saying to you is, would not it bring about a buying from hand to mouth if there was a big over-production? in fact, a world-wide over-production in rayons, so that the trade would say Well, we are not going to buy any more than we can get along with because there is going to be a falling market? A. Well, if, as you say, there was an over-production there certainly would be a tendency to lower prices, or reduce the purchases.

25 Q. Yes.

THE COMMISSIONER: Mr. McRuer, I should like to be informed more about cancellations in December, November, October and September, of 1935.

30 BY MR. McRUER: Q. Yes. Would you have any cancellations of orders in the last six months?

we were running some of our looms, many of them, as I recall it, in three shifts.

Q. You may have been running on three shifts, and you may have been building up an over-production?

A. No.

Q. Well, you say, No. Were you or were you not?

A. We would not be running three shifts, for the sake of putting in new stock.

Q. But you may have not realized that other people were building other stocks too? A. That is true.

Q. Will you say that you did not have a big supply [illegible] I will mean the tonnage of it, that would be too heavy, Mr. Hughes.

Q. But what I am saying to you is, would not it bring about a buying from hand to mouth if there was a big over-production in fact, a world-wide over-production in rayons, so that the trade would say well, we are not going to buy any more than we can get along with because there is going to be a falling market? A. Well, if, as you say, there was an over-production there certainly would be a tendency to lower prices, or reduce the purchases.

Q. Yes.

THE CHAIRMAN: Mr. Hughes, I should like to be informed more about conditions in December, February, March and November, if I can.

BY MR. MOLLER: Q. Yes. Would you have any [illegible] in the last six months

A. No.

THE COMMISSIONER: Mr. Dawson says he does not know. But he can find cancellations, or request sefor cancellations.

THE WITNESS: What years, my lord?

Q. Well, in the last six months of 1935? A. A memo of cancellations.

Q. Or requests for cancellations? A. Yes, cancellations or requests for cancellations in the last--

Q. The last six months of 1935? A. Yes, my lord.

Q. With the reasons given in each case for same? A. Yes, and reasons.

BY MR. McRUER: Q. When did you decide, Mr. Dawson, that if some change was not made in the customs duty on rayon it would be hopeless to try and carry on? That is, to produce rayons? A. You refer to the Japanese or to the British?

Q. On anything? A. Well, as far as I recall, the only question of the low-grade rayons was Japanese competition, and Mr. Tolmie tells me it was decided to discontinue making these goods as they ran out of the looms, because they could not be produced at competitive prices.

Q. Mr. Tolmie had made up his mind to give orders to discontinue on the 5th of January? A. He did.

Q. And that was before he had had even a letter

A. No.

THE COURT RULING: Mr. Dawson says he does not know. But he can find cancellations, or request a list of cancellations.

THE WITNESS: Last year, my lord?

Q. Well, in the last six months of 1937? A. A mass of cancellations.

Q. Or requests for cancellations? A. Yes, cancellations or requests for cancellations in the last --

Q. The last six months of 1937? A. Yes, by lots.

Q. Give the reasons given in each case for asking?

A. Yes, and reasons.

BY MR. MORRIS: Q. When did you decide, Mr. Dawson, that if some change was not made in the customs duty on rayon it would be hopeless to try and carry on? That is, to produce rayon? A. You refer to the

Q. On anything? A. Well, as far as I recall, the only question of the low-grade rayons was Japanese competition, and Mr. Tolmie tells me it was decided to discontinue making those goods as they ran out of the looms, because they would not be profitable in competitive prices.

Q. Mr. Tolmie had made up his mind to give orders to discontinue on the 5th of January? A. He did.

Q. And that was before he had had even a letter

from Winnipeg? A. The 8th ---

Q. No, no? A. He telephoned on the 8th to discontinue this line as they ran out, and, of course, he told me the reason he did it was because by this time quotations from Japan were coming in at these low prices, which we could not compete with, and there was no use manufacturing goods which you would have to sell at a heavy loss.

Q. You told me, I think, or told my friend that the maximum loss you expected to take was $10,000? A. And that was only on that one line of taffetas.

Q. Did you take any loss on it? A. Well, that I cannot tell you, Mr. McRuer. I believe there has been some. I believe there has been some of that stock perhaps sold at a slight reduction. But they stopped making them and, as I stated before, if you have a stock on hand your hope is that small quantities required will be called for, and in that way your stock is gradually reduced.

Q. Well now, it is perfectly obvious that you could not afford to keep the St. Croix Mill open on this cheap line of taffeta? A. Not alone.

Q. Well, it was going to close the mill anyway whether the Japanesewere shut out completely or not, in regard to this cheap line of taffeta. If all the cheap taffeta that has been sold this year, or ever will be sold in Canada by the Japanese, were completely shut out it would not save the

from Winnipeg? A. The 8th ---

Q. No, not --- A. We telephoned on the 8th to discontinue this line as they ran out, and, of course, he told me the reason he did it was because by this time quantities from Japan were coming in at these low prices, which we could not compete with, and there was no use manufacturing goods which you would have to sell at a heavy loss.

Q. You told me, I think, or told my friend that the maximum loss you exposed to here was $10,000?

A. And that was only on that one line of taffetas.

Q. Did you make any loss on it? A. Well, that I cannot tell you, Mr. Rubner. I believe there has been some. I believe there has been some of them were finished and at a slight reduction. We have stopped making them and, as I stated before, if you have a stock on hand your hope is that small quantities required will be called for, and in that way your stock is gradually reduced.

Q. Well now, it is perfectly obvious that you could not afford to keep the St. Croix Mill open on this cheap line of taffetas? A. Not alone.

Q. Well, it was going to close the mill anyway whether the Japanese were shut out completely or not, in regard to this cheap line of taffeta. If all the cheap taffeta that has been sold this year, or ever will be sold in Canada by the Japanese, be completely shut out it would not save the

St. Croix Mill alone, would it ? A. Would you please repeat that question.

Q. If all the cheap taffeta that has been sold this year in Canada by the Japanese, or that ever will be sold, were completely shut out, it would not save the St. Croix mill? A. Oh, I would not say that.

Q. What would your profits be in a year on those two cheap lines of taffeta that you discontinued? A. Well, the information that we have, that the importations, or that the receipts of Japanese rayon in the last three months, that is up to the 1st of June, - we figured it, at least I asked my man to figure it, Mr. Boyd, and I asked how long it would take, how long it would keep the mill going, and he told me it would keep 100 looms going for 44 weeks.

Q. That is, if you got the whole business? A. If we got the whole business, yes.

Q. But you would not get the whole business ? A. No, no.

Q. We had no way of giving you all the business at St. Croix, had we? A. No.

Q. I just want you to tell me how much your profit on those two lines would be in a year? A. I have no idea, Mr. McRuer.

Q. Well, in determining whether you were going to close the St. Croix mill on the ground of Japanese competition, would it not be a wise thing to see just how much you made your loss on those two lines that were materially affected?

Q. Croix Mill alone, would it ? A. Would you please repeat that question.

Q. If all the cheap textile that has been sold this year in Canada by the Japanese, or that ever will be sold, were completely shut out, it would not save the st. Croix mill? A. Oh, I would not say that.

Q. What would your profits be in a year on those two cheap lines of textile that you discontinued?

A. Well, the information that we have, that the importations, or that the receipts of Japanese types in the last three months, that is up to the last of June, - we figured it, as least I asked my man to figure it, Mr. Ross, and I asked how long it would take, how long it would keep the mill going, and he told me it would keep two looms going for 44 weeks.

Q. That is, if you got the whole business? A. If we got the whole business, yes.

Q. But you would not get the whole business ?

A. No, no.

Q. I mean no way of giving you all the business at St. Croix? had not? A. No.

Q. I just want you to tell me how much your profit on those two lines would be in a year?

A. I have no idea, Mr. Bennett.

Q. Well, in determining whether you were going to close the st. Croix mill on the ground of Japanese competition, would it not be a wise thing to see what now that you have lost on those two lines that were materially affected?

A. Mr. McRuer, the running on of a mill is a very much over involved thing than perhaps you believe. For instance, if I am running 600 looms and I have 100 looms cut off because one line is discontinued for one reason or another, it immediately raises my cost on the remaining 500 looms, and the time comes when--

Q. But you would not have 100 looms cut off. There is no use saying that. If you had a line cut off that was unprofitable it would assist your mill?

A. Not necessarily.

Q. You can manufacture a profitable line, profitably, can you? A. I dontt know where you get the information that a line was unprofitable ~~that~~ at the price that we were selling at--

Q. I dont know, but what I am getting at is, you are talking about closing a mill? A. Well, the more you cut into the product of a mill the more difficult it is to run it, because your overhead goes up and your production comes down. Now, if you take and cut out, say, 100 looms, take them off production in a mill the fact is that your overhead goes up, costs are too high because of the fact that you are cutting into your production.

Q. How did the situation appear to you, Mr. Dawson? I do not see to be able to get my question answered as to what extent a manufacturer of those two cheap rayons was in any way a vital thing in your business;

A. Mr. Mohun, the running on of a mill is a very much over involved thing than perhaps you believe. For instance, if I am running 600 looms and I have 100 looms cut off because one loom is disconnected for one reason or another, it immediately raises my cost on the remaining 500 looms, and the time taken

Q. But you would not have 100 looms cut off. The s is no use saying that. If you had a line cut off that was unprofitable it would assist your mill?

A. Not necessarily.

Q. You can manufacture a profitable line, profitably, can you? A. I doubt more than you get an information that a line was unprofitable than at the price that we were selling at--

Q. I dont know, but what I am getting at is, you are thinking about closing a mill? A. Well, the more you put into the product of a mill the more difficult it is to run it, because your overhead goes up and your production comes down. Now, if you take and cut out, say, 100 looms, take them off production in a mill the fact is that your overhead goes up, costs are too high because of the fact that you are cutting into your production.

Q. Do all these things mean to you, Mr. Lemay, I do not see to be able to get my question answered as to why there's unemployment at times because mills in any way a vital thing in your business;

I cannot find out whether they were manufactured at a loss or a profit. A. They were not being manufactured at a loss when we had our full production, of course, --

Q. I would like to know--

MR. FELLOCK: Let the witness answer.

MR. McRUER: He will have lots of time to answer. Just let us see, when you had the door closed as tightly as it could be closed in the last six months of last year, - I am trying to find out whether they were manufacturing at a loss or a profit. As a matter of fact, can you tell by your records of the mill? A. You see, Mr. McRuer, the way we figure our cost--

Q. Could you answer my question, please?

A. I cannot answer directly. If you will allow me, I would explain how our costs are made up.

Q. I am asking you, can you, from your records, tell whether these two lines were manufactured at a loss or a profit, and if at a profit how much?

A. I think it would be very difficult to figure out an individual line for the reason as I say, our costs are all based on the raw material, the labour, the overhead and such like. Now, on rayon you may say that we are always able to sell at a cost; well our cost may be plenty and competition may compell us to sell at 19, 18 or 17. Now, you cannot tell how much the profit on anindividual line is.

I cannot find out whether they were manufactured at a loss or a profit. A. They were not being manufactured at a loss when we had our full production of course. --

A. I would like to know--

MR. [illegible]: Let the witness answer.

MR. MONTGM: He will have lots of time to answer. Just let us see, when you had the door closed as tightly as it could be closed in the last six months of last year, - I am trying to find out whether they were manufacturing at a loss or a profit. As a matter of fact, can you tell by your records of the mill? A. You see, Y. Honour, the way we figure our cost--

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A. I cannot answer directly. If you will allow me, I will explain how our costs are made up.

. I am asking you, can you, from your records, tell whether these two lines were manufactured at a loss or a profit, and if at a profit how much?

A. I think it would be very difficult to figure out an individual line for the reason as I say, our costs are all based on the raw material, the labour, the overhead and such like. Now, on rayon you may say that we are always able to sell at a cost; well our cost may be plenty and competition may compell us to sell at 19, 18 or 17. Now, you cannot tell how much the profit on anindividual line is.

Your figures may show that you ought to be making a profit on your costings, but you don't always do it.

Q. But I am getting back to what your performance was last year. I want to know definitely, one way or another, whether you can look into your records of last year and tell us whether you made a profit on those two lines, or whether you made a loss, and, if so, how much? A. I will try and see if that can be had, Mr. McRuer. You are just interested in those low taffetas?

Q. Well, I am interested in them at the moment, but I may get interested in something else as we go along. A. From what time in 1936?

THE COMMISSIONER: Did you say 1936?

MR. McRUER: 1935.

THE WITNESS: 1935-36. We close our books at the end of March, 1936. I think it would be better to take our mill year, Mr. McRuer, which is March, 1936.

Q. That may well be, Mr. Dawson, but I want to know whether your records, your costing records will tell how much profit you made on those lines in the last six months of 1935? A. The last six months?

Q. That is my question? A. We may take it as six months from the 1st of April. We could, --

Q. No, I want to get -- A. We do not separate our costs and our profits month by month. We might give it to you six months from the 1st of April, -

Can I depend on some part you expect to be making a profit on your contracts, but you don't always do it.

Q. But I am getting back to what your performance was last year. I want to know definitely, one way or another, whether you can look into your records of last year and tell us whether you made a profit on those two lines, or whether you made a loss, and, if so, how much? A. I will try and see if that can be done, Mr. Hamer. You are just interested in those low tenders?

A. Well, I am interested in them at the moment, but I may get interested in something else as we go along. Q. From what time in 1956?

THE COMMISSIONER: Did you say 1956?

MR. HOWARD: 1956.

THE WITNESS: 1956-56. To close our books at the end of March, 1956. I think it would be better to take our mill year, Mr. Hamer, which is March.

Q. That may well be, Mr. Dawson, but I want to know whether your records, your costing records will tell how much profit you made on those lines in the last six months of 1956? A. The last six months?

Q. What is my question? A. As may make it as six months from the 1st of April. A. Would, --

Q. No, I want to get -- A. We do not separate our costs and our profits month by month. We might give it to you six months from the 1st of April. -

and six months from year to year from the 1st of April, because these records --

Q. Willyou please try and see if you can get what we want? A. The profit in 1935, the last six months.

Q. Yes? A. On rayon.

Q. On the low-priced taffetas on which you ceased production? A. Right.

Q. Now, how did things look by April of this year in regard to the St. Croix mill? A. Well, we were satisfied that we were beginning to see daylight. That is when we took stock at the end of March.

Q. When you took stock at the end of March you were seeing daylight? A. Yes.

Q. Then the shock of Japanese competition had not been as big as you expected it to be? A. Well, the shock would have been better if we hadn't had those three months in the New Year, January, February and March,

Q. How can you say your shock would have been better; how do you know it would not with all those silk mills that came into the market? A. We began reducing our looms as soon as Japanese competition started --

Q. You are sure you were reducing looms before the Japanese competition started? A. Not that I know of.

Q. Did you enquire to find out? A. No.

Q. Well, I would like to have your loom hours run?

and six months from now to your from one lot of equipment from Toronto —

Q. Will you please say and see if you can go ahead so exactly? A. The profit is 1200, one last six months.

Q. Yes? A. In report.

Q. On the low-priced bottles on which you claimed production? A. Right.

Q. Yes, sir. Then you had an overall of 1700 profit in regard to the st. Croix mill? A. Well, we were satisfied that we were beginning to see results.

Q. But in order to work out at the end of month.

Q. When you took stock at the end of March you were making money? A. Yes.

Q. Then the stock of Japanese competition had not been as big as you expected it to be? A. Well, the stock would have been better if we haven't had those surplus months in the New York, Jamaica, Honduras and Haiti.

Q. How can you say your stock would have been better; how do you know it would not with all those mills that came into the country? A. We began reducing our looms as soon as Japanese competition started —

Q. You are sure you were reducing looms before the Japanese competition started? A. Not that I know of.

Q. Did you analize to find out? A. No.

Q. Well, I would like to have your from hours and

A. I know when Mr. Tolmie telephoned the mill on January 8th and, as far as I know, up to that time things were normal.

Q. There must be some correspondence with the mill. Mr. Tolmie seems to be considerable of a letter-writer. There must be some correspondence with the mill, about production down there. A. I think we can give you the production month by month.

Q. Yes, that is one of the things I asked for some time ago. Well now, Mr. Dawson, you do not seem to have lost confidence in the future of the rayon business in Canada during this year? A. Well, we apparently lost confidence as far as Japanese lines were concerned, because there were instructions given to the mill to discontinue them as the looms ran out.

Q. Just let me read to you your yarn purchases this year as compared to last year? A. Yes, all right.

Q. In January, 1935, you bought 24,106 pounds;

In January, 1936, you bought 48,196 pounds, or just an even twice as much more yarn in January this year than you did in January last year, at the very time you suggest that you were giving orders to cut down the amount of Japanese competition. That does not show a great alarm on your part at that time? A. Of course, we were increasing on other lines.

Q. Whether you were increasing on other lines--

A. I know when Mr. Tomlie telephoned the mill on January 8th and, as far as I know, up to that time things were normal.

Q. There must be some correspondence with the mill, Mr. Tomlie seems to be considerable of a letter-writer. There must be some correspondence with the mill, about production down there. A. I think we can give you the production month by month.

Q. Yes, that is one of the things I asked for some time ago. Well now, Mr. Damon, you do not seem to have lost confidence in the future of the region business in Damon during this year? A. Well, we square only lost confidence as far as Lumber Lines work concerned, because there were instructions given to the mill to discontinue them as the loans ran out.

Q. Just let me read to you your year purchases this year as compared to last year? A. Yes, all right.

Q. In January, 1929, you bought 44,108 pounds; in January, 1930, you bought 40,168 pounds, or just an even value as much more year in January this year than you did in January last year, at the very time you suggest that you were giving orders to cut down the amount of lumber available. Did you not show a great alarm on your part at that time?

A. [illegible]

Q. Without you were increasing in other lines—

THE COMMISSIONER: Pardon me, is this rayon?

MR. McHUGH: Rayon, yes.

THE WITNESS: I think Mr. Tolmie mentioned in one of his letters that the run of cotton products was gradually slipping, and all rayon quotations were being called for in a larger way in the local trade.

Q. Well, that was not on account of Japanese competition that the run of cotton quotations were slipping? A. No, only that would affect the purchase of rayon to which you referred.

Q. Yes, but you were making representations to the Ministers, in January, that you were going to have to close a mill if they did not shut the Japanese out, and, at the same time, you were doubling your orders for yarn at Courtaulds. Did you tell the Ministers at any time during the interview that you had been doubling your orders for yarn at Courtaulds? A. I don't think so. It would be a very foolish thing to do.

Q. Why not? A. Because it only affected the Japanese lines.

Q. You do not know what lines the Japanese were going to put on the market? A. Yes, we did. We knew these linings were manufactured here. The Japanese never made them. We didnot know anything about the situation as far as the linings were concerned until the budget was brought down. We were only discontinuing lines that were affected by the Japanese

The [illegible] Burdon me, in this report?

A. [illegible] Yes, yes.

The LITTLEJOHN: I think Mr. Tomale mentioned in one of his letters that the run of cotton products was gradually slipping, and all rayon quotations were being called for in a larger way in the local trade.

Q. Well, that was not on a count of Japanese competition that the run of cotton quotations were slipping? [illegible]

purchase of rayon to which you referred.

Q. Yes, but you were making representations to the Ministers, in January, that you were going to have to close a mill if they did not shut the Japanese out, and, at the same time, you were doubling your orders for yarn at Courtaulds. Did you tell the Ministers at any time during the interview that you had been doubling your orders for yarn at Courtaulds?

A. I don't think so. It would be a very foolish thing to do.

Q. Why not? A. Because it only affected the Japanese lines.

Q. You do not know what lines the Japanese were going to put on the market? A. Yes, we did. We knew these linings were manufactured here. The [illegible] about the situation as far as the linings were concerned until the budget was brought down. We were only discontinuing lines that were affected by the Japanese

competition, but we would not be buying a great supply of rayon unless it was needed.

Q. But you were threatening to close your mill, the St. Croix mill, and yet you were committing yourself to twice as much yarn? A. I don't think there was any threat made. I did not see that in the correspondence.

Q. Well, you said you agreed with me that they said that they would have to close the St. Croix mill. It says here that they did, but you changed it, that they would have to? A. That is the statement apparently Mr. Polmie made, - it would eventually.

Q. Well, just let me give you the purchases for the next three months:

February,	1935,	43,609
"	1936,	41,263
March,	1935,	42,417
"	1936,	37,036
April ,	1935,	43,286
"	1936,	65,319
May	1935,	51,384
"	1936,	47,862

Or a total of, in 1935, 204,802, as against 239,676 in 1936.

MR. KELLOCK: What is the figure for 1935, Mr. McRuer?

MR. McRUER: 51,384.

Q. So that there is an increase of 35,000 pounds

competition, but he would not be buying a great
[illegible] or [illegible] [illegible] is [illegible] weaker.

. But you were threatening to close your mill,
the St. Croix mill, and yet you were committing
yourself by taking on more [illegible] — I [illegible]
there was any threat made. I did not see that in the
[illegible].

. Well, you said you [illegible] this to that may
well have they would have to close the St. Croix
mill. If they knew that they did, but you changed
it, that they would have to . That is the
statement apparently Mr. Toronto made. - It would
[illegible].

. Only just let me give you the production for
the last three months:

February,	1936,	[illegible] —
"	1936,	[illegible] —
March,	1936,	46,417 —
"	1936,	37,065
April,	1936,	[illegible]
"	1936,	35,319
May	1936,	[illegible]
"	1936,	37,[illegible]

or a total of, in 1936, 1[illegible],[illegible], as against 2[illegible],[illegible]
in 1935.

Mr. [illegible] [illegible] [illegible] [illegible]
[illegible]

Mr. [illegible] [illegible].

. [illegible]

for the year 1936? A. Not a very big thing, Mr. McRuer. Besides, is that deliveries or purchases that you are reading?

Q. Sales to weaving customers is the table that I have here. A. That may have been. I have no knowledge. It may have been purchases that were made prior to the Japanese situation arising at all.

Q. Now, Mr. Dawson? A. I don't know.

Q. As a matter of fact, Mr. Dawson, your commitments and your payments and everything else for yarns were up over last year all along the line. A. I would like to see the purchases made from January this year, - January, February, March, April and May of this year, along with the same number of months at the end of 1935; have you got those?

Q. We can get anything you like. I have got the sheets here. What is it your want, Mr. Dawson? A. The purchases in the last five months of 1935.

Q. I can give you that? A. Compared with the purchases for the first five months of 1936.

Q. All right, I think we can give you that. A. How does that show?

Q. The purchases, going back to June, 1935, were 69,147; July, 58,841; August, 40,741; September, 42,956; October, 62,026; November, 47,466; and December, 43,947. Now, there is the complete story, Mr. Dawson? A. I think that should be totalled for the last, - let us take the last four months,

for the year 1957? A. Not a very big thing, Mr. Walsh. Nothing in real malpractice or something that was very flagrant.

Q. Refer to wearing apparel in the table that I have here. A. That may have been. I have no knowledge. It may have been purchases that were made prior to the Japanese situation arising at all.

Q. Now, Mr. Dawson? A. I don't know.

Q. As a matter of fact, Mr. Dawson, your commitments and your payments and everything else for years were up over last year all along the line. A. I would like to see the purchases made from January this year, - January, February, March, April and May of this year, along with the same number of months at the end of 1953; have you got that?

A. We can get anything you like. I have got the sheets here. What is it your want, Mr. Dawson?

Q. The purchases in the last five months of 1953.

A. I can give you that? Q. Compared with the purchases for the first five months of 1954.

A. All right, I think we can give you that.

Q. How does that score?

A. The purchases, going back to June, 1953, were $47,247; July, $5,841; August, $1,744; September, $4,944; October, $5,024; November, $7,[illegible] and December, $3,947. Now, there is the complete story, Mr. Dawson? A. I think that should be totalled for the last, - let us take the last four months,

or the last five months of 1935, and compare them with the first five months of 1936.

Q. Why should you do that, because you are comparing two different seasons altogether, and these goods are aseasonable? A. I presume the probability is that the situation was normal up to January, and what I want to see are the purchases. Naturally, unless the goods were on order and had to be delivered, they would go down as the competition from Japan came in.

MR. KELLOCK: I am told those figures were all deliveries.

BY MR. McRUER: What I have to point out to you--

THE COMMISSIONER: What are you saying, Mr. Kellock?

MR. KELLOCK: I am told those figures were all deliveries, my lord.

BY MR. McRUER: Q. We will get it all from Courtaulds.

Q. What I have to point out to you is, in the month of April this year you had the second highest amount at any time in the whole two years?

A. That may have been covering orders that were placed previously, or it may have been for stuff like the linings that we had orders for.

Q. Now, I am instructed that you only take from Courtaulds the deliveries as you need them, that you do not buy ahead from Courtaulds? A. I don't know.

or the last five months of 1935, and compare them with the first five months of 1936.

Q. Why should you do that, because you are comparing for [illegible] purposes, and many goods are unavailable? A. I presume the probability is that the situation was normal up to January, and what I want to see are the purchases. Naturally, unless the goods were on order and had to be delivered, they would go down as the correlation [illegible] it.

Q. [illegible] I am [illegible] deliveries.

BY M. MORRIS: Just I have to point out to you--

THE CHAIRMAN: What are your results, Mr. Kellock?

MR. KELLOCK: I am told those figures are all deliveries, my lord.

BY MR. MORRIS: We will get it all from counsel.

Q. When I have to point out to you is, in the month of April this year you had the second lowest amount at any time in the whole two years?

A. That may have been because certain items were [illegible] listings that we had orders for.

Q. Now, I am instructed that you only take from Courtaulds the deliveries as you read them, that you do not [illegible] "[illegible]".

Q. Now, is that not correct? A. I really have no knowledge.

Q. You are not forced to take deliveries; you do not place orders ahead.

BY THE COMMISSIONER: Q. That is important. You say you don't know anything about that, Mr. Dawson? A. The inference is, that this yarn was needed for other lines, because we have the knowledge that on January 8th instructions were given to stop looms on Japanese taffetas. If the other deliveries were taken, deliveries in other months, it is quite evident they were taken to supply goods other than Japanese lines.

BY MR. McRUER: Q. I suggest to you, that you had made up your mind to stop those looms on those two taffetas in any case? A. I don't think so.

Q. Well, was it not a fact that you were going to stop them anyway? A. Certainly not to my knowledge. I cannot conceive of any reason why.

Q. Well, is there any suggestion in any correspondence with the mill, that is, up to January 8th, that it was on account of the Japanese situation? A. Well, the information I have is, that Mr. Tolmie telephoned on January 8th, that is when the situation was clear; the arrangement had been made with Japan then and quotations were coming in at those low prices, and there was no use trying to continue many lines of goods that had to be sold at a great

answer:

Q. [illegible] A. I really have no knowledge.

Q. You are not forced to make deliveries; you do not place orders ahead.

BY THE CHAIRMAN: Q. That is important. You [illegible] other lines, because we have the knowledge that on January 6th instructions were given to stop looms on [illegible]. If the other deliveries [illegible], deliveries in other months, it is quite evident they were there to supply goods other than Japanese lines.

BY MR. MONDER: Q. I suggest to you, that you had [illegible] up your mind to stop those looms on those two factors in any case? A. I don't think so.

Q. Well, was it not a fact that you were going to stop them anyway? A. Certainly not to my knowledge. I cannot conceive of any reason why.

Q. Well, is there any suggestion in any correspondence with the mill, that is, up to January 6th, that it was on account of the Japanese situation?

A. Well, the information I have is, that Mr. Tomio telephoned my Department, that it seemed the situation was clear; the arrangement had been made with Japan [illegible] and there was no [illegible] many lines [illegible]

sacrificed, and orders were given by him to stop producing. That seemed the simple and proper thing to do.

Q. Will you produce all the correspondence with the mill at that time? A. I don't imagine there was any correspondence. Why should there be any correspondence?

Q. Well, I don't know. A. If the mill was running normal.

Q. Well, there was this long letter to the mill? A. That was after the tariff, - the budget was brought down and the whole situation had changed.

Q. Yes, I know, but why should they? There would be just as much excuse for writing a long epistle to Mr. Bruneau on the 5th of January, as there was on the 5th of May.

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sacrifice, and orders were given by him to stop producing. That seemed the simple and proper thing to do.

Q. Will you produce all the correspondence with the mill at that time? A. I don't imagine there was any correspondence. Why should there be any correspondence?

Q. Well, I don't know. A. If the mill was running normal.

Q. Well, there was this long letter to the mill? A. That was after the tariff, - the budget was brought down and the whole situation had changed.

Q. Yes, I know, but why should they? There would be just as much excuse for writing a long epistle to Mr. Brunsen on the 6th of January, as there was on the 5th of May.

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-- On resuming after recess.

BY MR. McRUER: Q. Now, to deal with exhibit number 460 which is the statement of profit of the St. Croix mill over a period years. In 1926 the mill profit apparently was $269,089.57? A. Yes.

Q. 1927, $306,072.35? A. Yes.

Q. 1928, $261,868? A. Yes.

THE COMMISSIONER: Is that the last profit?

MR. McRUER: Pardon?

THE COMMISSIONER: Is that the last profit?

MR. McRUER: It is not the net profit, it is the mill profit.

THE COMMISSIONER: I say is that the last annual mill profit?

MR. McRUER: Then, there were losses from 1929 -- in 1929, 1930 and 1931.

THE COMMISSIONER: That is what I mean, these profits were followed by losses.

MR. McRUER: Yes. Then in 1933 there is a profit of $15,124, 1934 $143,940, 1935, $10,056, 1936,$88,422.

MR. KELLOCK: Those are losses.

MR. McRUER: Yes, the last two are losses, that is right, but the 1936 loss is not the figure that was carried into the annual statement, is it? A. Yes, but it was revised after the budget was brought down. I asked to have that changed because our year closes at the end of March and the budget was brought down before we presented our statement to the shareholders, and I asked to have the inventory reduced in anticipation

-- In reducing the income.

BY MR. MORROW: Q. Now, to deal with exhibit number 400 which is the statement of profit of the St. Croix mill over a period years. In 1926 the mill profit apparently was $469,089.077 A. Yes.

Q. Then, $[illegible] -- Yes.

Q. 1928, $261,869? A. Yes.

THE COMMISSIONER: Is that the last profit?

[illegible] yes.

THE COMMISSIONER: Is that the last profit?

MR. MORROW: It is not the net profit, it is the mill profit.

THE COMMISSIONER: I say is that the last annual mill profit?

MR. MORROW: Then, there were losses from 1929 -- in 1929, 1930 and 1931.

THE COMMISSIONER: That is what I mean, these profits were followed by losses.

MR. MORROW: Yes. Then in 1932 there is a profit of $[illegible], [illegible] [illegible], [illegible], [illegible], [illegible]

[illegible] losses.

MR. MORROW: Yes, the last two are losses, that is right, but the 1926 loss is not the figure that was carried into the annual statement, is it? A. Yes, but it was revised after the budget was brought down. I asked to have that changed because our year closes at the end of March and the budget was brought down before we presented our statement to the shareholders and I asked to have the inventory reduced in anticipation

of losses in that mill because of the two things, Japanese competition -- well, Japanese competition was not in effect at that time, but because of the reduction in the tariff I thought it wise and conservative to make a reduction in the value of the inventory.

Q. Well, I do not quite understand. Here we have the annual report that is published to the shareholders for the year ended March 31, 1936? A. Yes.

Q. And an annual report was made up showing the mill profit at St. Croix and I suppose at all the other mills? A. That is right.

Q. It showed the inventory at certain figures? A. Yes.

Q. And then, after the budget was brought down on May 5th you had the accountants go over the figures that would have shown a profit and had them write down the inventory and show a loss? A. Yes, that is right; I had the inventory reduced knowing that new prices would have to be issued, and also the fear that if these lines were discontinued we would have to job them which might mean a serious loss.

Q. Did your accountants make up any sort of statement as to on what basis they reduced the inventory and on what lines they made their reduction? A. It was a reduction on the whole inventory of the mill.

Q. By what per cent? A. About 25%.

Q. For the reductions that were made on the tariff you turn to your accountants then and make a reduction of 25% on the inventory? A. Only at that mill.

of losses in that mill during at the two plants, Japanese competition -- well, Japanese competition was not in effect at that time, but because of the reduction in the tariff I thought it wise and conservative to make a reduction in the value of the inventory.

Q. Well, I do not quite understand. Here we have the annual report that is published to the shareholders for the year ended March 31, 1926? A. Yes.

Q. And an annual report was made up showing the mill profit at $1. Yes and I suppose at all the other mills? -- Not by plant.

Q. It showed the inventory at certain figures? -- Yes.

Q. And then, after the budget was brought down on May 4th you had the accountants go over the figures that would have shown a profit and had them write down the inventory and show a loss? A. Yes, that is right; I had the inventory reduced knowing that new prices would have to be issued, and also the fear that if these lines were discontinued we would have to job them which might mean a serious loss.

Q. Did your accountants make up any sort of statement as to on what basis they reduced the inventory and on what lines they made their reductions? A. It was a reduction on the whole inventory of the mills.

Q. By what per cent? A. About 25%.

Q. Per the reductions that were made on the basis you have in your memorandum that are made a [illegible] of 25% on the inventory? A. [illegible] mill.

3

Q. Just this one mill? A. Yes, because that is where we were affected most seriously.

Q. Then, there were no reductions in inventory on any other mills? A. I would not say that because I did not check that up. I did check the St. Croix mill because it affected the rayon situation. I consider it was not any too much.

Q. But the rayon situation was not affected by the bringing down of the budget; if anything, it was bettered, wasn't it? A. No, not at all.

Q. Pardon? A. Not at all, it was affected very seriously by the bringing down of the budget as I referred to in my letter to Mr. Dunning dated, I think you will find it, May 2nd. I said it was a knock out blow.

BY THE COMMISSIONER: Q. You referred to Britain? A. That is the British, that was largely affected by Britain and of course, the Japanese too.

Q. It was the Japanese that occurred earlier; when you talk of the Japanese you go back to the 1st of January? A. Yes.

BY MR. McRUER: Q. You would have known at the time the annual statement was made up what allowances to make for the inventory as it might be affected by Japanese importations? A. Yes. I don't know what the inventory was in that particular line.

Q. So that the writing down of inventory was made on account of the reductions in the tariff of British goods? A. Well, it was the result of the budget brought down which was affected largely from

Q. Just this one mill? A. Yes, because that is where we were affected most seriously.

Q. Then, there were no reductions in inventory on any other mills? A. I would not say that because I did not check that up. I did check the St. Croix mill because it reflected the report situation I consider it was not any too much.

Q. But the report situation was not affected by the bringing down of the budget; it originated, it was between, wasn't it? A. No, not at all.

Q. Pardon? A. Not at all, it was affected very seriously by the bringing down of the budget as I referred to in my letter to Mr. Manning dated, I think you will find it, May 2nd. I said it was a knock out blow.

BY MR. [illegible]: Q. You referred to writing? A. That is the British, that was largely affected by British and of course, the Japanese too.

Q. It was the Japanese that occurred earlier; when you talk of the Japanese you go back to the last of January? A. Yes.

BY MR. HARRIS: Q. You would have known at the time the annual statement was made up what allowance to make for the inventory as it might be affected by Japanese hostilities? A. Yes, I shall know what the inventory was in that particular line.

Q. So that the writing down of inventory was made on account of the reductions in the tariff of British origin? A. Well, it was the result of the [illegible]

4 Britain.

Q. You wrote it down 25%? A. Wrote it down about 25%. There are the figures there.

Q. Let us see it. The value of the inventory
5 at the St. Croix mill as of the 31st of March, 1936 was $456,273.13, the value after the inventory revision, May 5th, 1936, $338,098.16, or you wrote down the inventory by $118,174.97? A. That is write.

Q. So that your profit at the St. Croix mill
10 would have been about $30,000 instead of a loss of $88,000? A. Yes, if the inventory had not been written down.

Q. Did you write down your inventory at other mills? A. I am not sure. I did not look
15 into that situation. I imagine there was some reduction all along the line.

Q. Well, we would like to know what writing down of inventory took place for your mills? A. Alright, I will have that prepared.

20 Q. Because you see that materially affects these annual statements that we have put forward to the shareholders. Who determined it should be done at the rate of 25% in the St. Croix mill? A. That
25 was my instructions.

Q. Why did you estimate 25% depreciation? A. You will notice in the records there that there is a reduction of about 36%, I think the records show there, in the value of our protection, on the amount of
30 the protection.

Q. The specific duty that was taken off represented

Britain.

Q. You state it here [illegible] down about 25%. There are the figures there.

Q. Let us see it. The value of the inventory at the St. Croix mill as of the 31st of March, 1930 was $466,273.13, the value after the inventory revision, May 4th, 1932, $[illegible],[illegible].14, so you write down the inventory by $113,174.97? A. That is write.

Q. Had that been written at the St. Croix mill would have been about [illegible] instead of a loss of $86,000? A. Yes, if the inventory had not been written down.

Q. Did you write down your inventory at other mills? A. I am not sure. I did not look into that situation. I imagine there was some reduction all along the line.

Q. Well, we would like to know what writing down of inventory took place for other mills? A. Likely I will have that prepared.

Q. Because you see that materially effects these annual statements that we have put forward in the discussions. The statement it would be that at the rate of 25% in the St. Croix mill? A. That was my instructions.

Q. Why did you estimate 25% specifically? A. You will notice in the records there that there is a reduction of about 25%. I think the records show there, in the value of our protection, on the amount of protection.

Q. The specific duty that was taken off textiles

about 36%? A. I think if I recall it it was about 36%.

Q. Now, will you tell me whether or not you did not at different times state to the government in writing that you would not take advantage of the specific duties in fixing your prices? A. I never heard of that before.

Q. You never heard of that? A. I never heard of that before. Why should we?

Q. Why should you? A. What was the duty for if it was not for protection.

Q. Well, I am not sure whether you are one of them but I know plenty of the textile manufacturers made that statement in writing and I will have the letters looked up at Ottawa, that they would not take advantage of the specific duties but desired them only to be there to exclude other goods so that you might have the whole market and get the volume of production so as to produce at a lower cost? A. It certainly did not apply to our company.

Q. You never said that? A. No, sir.

THE COMMISSIONER: Well, Mr. Lawson appears to have a different theory about what is to be done with the customs tariff. You better find out about that.

BY MR. McRUER: Q. Now, your idea was that the duties were there so that you should be able to take advantage of them?

THE COMMISSIONER: In prices.

BY MR. McRUER: Q. In prices? A. Yes.

(evan)

about 30%? A. I think if I recall it it was about 15%.

Q. Now, will you tell me whether or not you did not at different times write to the government in writing that you would not take advantage of the specific duties in fixing your prices? A. I never heard of that before.

Q. You never heard of that? A. I never heard of that before. Why should we?

Q. Why should you? A. What was the duty for if it was not for protection.

Q. Well, I am not sure whether you are one of them but I know plenty of the textile manufacturers made that statement in writing and I will have the letters looked up at Ottawa, that they would not take advantage of the specific duties but desired them only to be there to exclude other goods so that you might have the whole market and get the volume of production so as to produce at a lower cost? A. It certainly did not apply to our company.

Q. You never said that? A. No, sir.

[illegible] the customs tariff. You better find out about that.

BY MR. MOFFAT: Q. Now, your idea was that the duties were there so that you should be able to take advantage of them?

THE COMMISSIONER: In prices.

BY MR. MOFFAT: Q. In prices? A. Yes.

Q. And as a matter of fact you had to reduce your prices after the budget came down because of the knocking off of the specific duties in order to bring them to the level on which British goods would come in at? A. To meet competitive prices, yes.

Q. To meet competitive prices. Are these prices that you have now put into effect prices that will show you a profit? A. That remains to be seen, Mr. McRuer.

Q. Oh, come now, on this delicate question of costs and what not, I would like to know whether they still show a profit, a margin of profit? A. Perhaps I might explain again, your lordship, how are costs are made up. We take the raw material, labour, overhead, depreciation, etc, and that is the price that we ought to get for the goods. Now, the question of competition comes in. As I said an article might be on that basis and be sold at 20 cents but because of competition from some source, either domestic or foreign, you have to make if you want to sell your goods -- you have to be able to compete, and therefore you have to make your price to meet what your competitors are doing.

Q. Well, I know, but you and your competitors might all have your prices up too high? A. I don't know just when that has been, Mr. McRuer, in our case.

Q. Well, probably not too high to suit you, but, as a matter of fact, you say that you had no corres-

Q. And as a matter of fact you had to reduce your prices after the budget came down because of the knocking out of the specific duties in order to bring them to the level on which British goods would come in at? A. To meet competitive prices.

Q. To meet competitive prices. Are these prices that you have now put into effect prices that will show you a profit? A. That remains to be seen, Mr. Bennett.

Q. Mr. Cone now, on this financial question of costs and what not, I would like to know whether they still show a profit, a margin of profit? A. Margin I might explain again, your Lordship, but as soon as we made up. We have the raw material, labour, overhead, depreciation, etc. and that is the price that we ought to get for the goods. Now, the question of competition comes in. As I said an article might go on that basis and be sold at 40 cents but because of competition from some source, either domestic or foreign, you have to make if you want to sell your goods -- you have to be able to compete, and therefore you have to make your price to meet that your competitors are doing.

Q. Well, I know, but you and your committee must all have your prices up too high? A. I don't know just when that has been, Mr. Bennett, in our case.

Q. Well, possibly my too high is well, yes, but, in a matter of fact, you do know that you had no margin

pondence at all with the government in 1930 before the duties were put on to the effect that you would not take advantage of the specific duties? A. Not in our case, certainly not.

Q. Will you please look up all the correspondence you have had with the government. I think in your case it may be very voluminous? A. That is in 1930?

Q. From 1930 down to date; I will file it all. A. In regard to specific duties?

Q. No, in regard to any duties, your correspondence as to duties. I do not mean in regard to a shipment when you were wanting to get a shipment released or something of that sort, but I just want your full correspondence on this subject matter of duties? A. From 1930 on?

Q. Yes, and I want a brief that was prepared in August, 1930? A. A brief?

Q. A brief that was prepared in August, 1930, for submission to Mr. Bennett with the representations that were made on behalf of the textile industry, cotton division? A. I wonder if the Textile Institute would have that.

Q. No, the Textile Institute was not in existence at that time. A. A brief submitted -- prepared in 1930, and submitted to the Government.

THE COMMISSIONER: How do you connect the witness with that?

BY MR. McRUER: Q. Well, you signed a copy, did you not, in 1931, of a supplementary brief? It was put

pondence at all with the government in 1930 before the duties were put on to the effect that you would not take advantage of the specific duties? A. Not in our case, certainly not.

Q. Will you please look up all the correspondence you have had with the Government. I think in your case it may be very voluminous? A. That is in 1930?

Q. From 1930 down to date; I will file it all.

A. In regard to specific duties?

Q. No, in regard to any duties, your correspondence as to duties. I do not mean in regard to a shipment when you were waiting to get a shipment released or something of that sort, but I just want your full correspondence on this subject matter of duties? A. From 1930 on?

Q. Yes, and I want a brief that was prepared in August, 1930? A. A brief?

Q. A brief that was prepared in August, 1930, for submission to Mr. Bennett with the representations that were made on behalf of the textile industry, cotton division? A. I wonder if the Textile Institute would have that.

Q. No, the Textile Institute was not in existence at that time. A. A brief submitted -- prepared in 1930, and submitted to the Government.

THE COMMISSIONER: How do you connect the witness with that?

MR. [illegible]: [illegible] a [illegible], [illegible] may, in 1931, [illegible] a supplementary brief. In the [illegible]

in at Three Rivers. Will you get that please(to secretary)? A. That is in regard to duties?

Q. Yes? A. I have no recollection of that.

THE COMMISSIONER: Exhibit 104.

MR. McRUER: That is it. Yes, Canadian Cottons is on this. A. The date is 1930?

Q. No, this is dated the 5th of February, 1931. I will read to you what it says. It is addressed to the Right Honourable R. B. Bennett, Dear Sir:-

"On the 28th August, 1930, the cotton industry presented for your consideration a tariff schedule that was considered necessary to enable the industry to regain a portion of the home market which had been lost due, generally, to the periodical reductions in the cotton schedule during the past twenty years and the numerous drawback items for home consumption. The industry greatly appreciated the action taken during the emergency session of Parliament in September, which was undoubtedly of great assistance to the majority of the manufacturers.

However, there were a number of items that were not altered for reasons recognized inadvisable at that time. The purpose of this memorandum is to supplement the brief presented in August last with regard to those items which the cotton industry feel should be given consideration at the coming session."

And then you go on to the items. So I want that brief

in as terms hereon. Will you get that please(to secretary)?

Q. Yes? A. That is in regard to duties?

Q. Yes? A. I have no recollection of that.

THE COMMISSIONER: Exhibit 104.

MR. McKEAN: That is it. Yes, Canadian Cottons is on this. A. The date is 1930?

Q. No, this is dated the 5th of February, 1931. I will read to you what it says. It is addressed to the Right Honourable R. B. Bennett, Esq. Sir:-

"The Pepin Commission, 1930, has written recently presented for your consideration a tariff schedule that was considered necessary to enable the industry to regain a portion of the home market which had been lost due, generally, to the periodical reductions in the cotton schedule during the past twenty years and the numerous drawback items for home consumption. The industry greatly appreciated the action taken during the emergency session of Parliament in September, which was undoubtedly of great assistance to the majority of the manufacturers.

Recently, there were a number of items that were not altered for reasons recognized inadvisability that time. The reason for this omission is to support the point presented in August last with regard to these items which the cotton industry feel should be given consideration at the coming session."

that was presented to Mr. Bennett? A. Is it just a copy of that, Mr. McRuer, it is just a copy of that you want?

Q. No, I want a copy of the brief that was presented in August, 1930. A. Prior to this one?

Q. Yes.

THE COMMISSIONER: To which this one refers.

MR. McRUER: To which this one refers.

Q. Now, you say that you thought that the specific duties were there for the purpose of taking advantage of them, and I presume, then, you will agree with the policy that was laid down by your company which we read from the minutes last week when they spoke of the duties and said "we have not missed an opportunity of taking advantage of them"? A. Do they say that?

Q. That was said in one of the annual reports last week. A. I don't recall that. Was that in the Canadian Cottons report?

Q. I think it was the Canadian Cottons--

MR. KELLOCK: My friend should be sure before he makes a statement.

THE WITNESS: I have a copy of the 1935 in my pocket, 1936, I mean.

BY MR. McRUER:Q. Oh, it was not 1936; this was an old one, away back about 1912, probably about there. I suppose it is fair to say you have been ~~tk~~ taking advantage of these duties? A. We certainly have. That is what they are for; otherwise competition compels us to take advantage of the duties, of

that was presented to Mr. Bennett? A. Is it just a copy of that, Mr. McGuire, it is just a copy of that you want?

Q. No, I want a copy of the brief that was presented in August, 1930. A. Prior to this one?

Q. Yes.

THE COMMISSIONER: To which this one refers.

MR. McGUIRE: To which this one refers.

Q. Now, you say that you thought that the specific rates were there for the purpose of making comparison of them, and I presume, then, you will agree with the policy that was laid down by your company which we read from the minutes last week when they spoke of the duties and said "we have not missed an opportunity of taking advantage of them"? A. Do they say that?

Q. That was said in one of the annual reports last week. A. I don't recall that. Was that in the Canadian Cottons report?

Q. I think it was the Canadian Cottons--

MR. KELLOCK: My friend should be sure before he makes a statement.

THE WITNESS: I have a copy of the 1930 in my pocket. 1930, I mean.

BY MR. McGUIRE:Q. Oh, it was not 1930; this was on 27th June, 1930; [illegible] I suppose it is fair to say you have been at taking advantage of these duties? A. We certainly have. What is what they are for; stimulate competition enough so as to keep advantage of the tariff, or

course. I mean to say there are times when you don't have to take advantage if the duty protects you and --

BY THE COMMISSIONER: Q. I don't understand what you mean when you say competition compels you to take advantage of your duties? A. First, my lord, we make, as I have stated, our costs. Now, if the duty will protect you beyond what your cost shows then you don't ask to take advantage of the duty. If it goes below that then you reduce your price to meet competition. Supposing it should be --

Q. If the duty goes below that? A. Yes. For instance, during the War, an instance I recall --

Q. Suppose there was no duty at all, suppose you simply had a prohibition which apparently is what you would desire, the total exclusion of foreign goods without anything else, then what would you do? A. We still sell on the basis of cost. For instance, I was going to illustrate, my lord, that during the War that price was very high in the States and we did not take advantage at all of the duty. For instance, I recall one line of ticking, for instance, which is an important line, A.C.A. ticking, our price and the price in New York were absolutely the same. That is, we took no advantage. We sold exactly at the American price because we got our margin of profit.

BY MR. McRUER: Q. This was during the War? A. Yes.

Q. It was a good margin then? A. It was a

course. I mean to say there are times when you
really have to have advantage of the duty provided for
and --

Q. You mean to say, Mr. Ryan, that
you mean when you say compatible, compels you to take
advantage of your duties? A. First, my Lord,
we make, as I have stated, our costs. Now, if the
duty will protect you beyond what your cost shows
then you don't sue to take advantage of the duty.
If it goes below that then you reduce your price to
meet competition. Supposing it should be --

Q. If the duty goes below that? A. Yes.
For instance, during the war, an instance I mentioned --

Q. Suppose there was no duty at all, suppose you
simply had a prohibition which compatibility is what you
would desire, the total exclusion of foreal a goods
without anything else, then what would you do?
A. We would sell on the basis of cost. For instance,
I was going to illustrate, my Lord, that during the
war that price was very high in the states and we
did not take advantage of all of the duty. For
instance, I recall one line of tinting. For instance,
[illegible] tinting, our
price and the price in New York were absolutely the
same. That is, we took no advantage. We sold
exactly at the American price because we put our
margin of profit.

BY MR. MONK: Q. This was during the war?
A. Yes.

Q. It was a good margin then? A. It was

good market and we did not have to take advantage of it, but what I claim is that when we get our costs we are satisfied on the basis of costs which includes a reasonable profit.

BY THE COMMISSIONER: Q. In other words, what you say now is that all you want is a reasonable profit? A. That is all, sir. If you would be interested in it, my lord --

Q. I am glad for your own sake you have come down to that because that is not what you were saying a few minutes ago? A. I must have misunderstood because I don't think that any duties -- it is my own private opinion that there should never be a duty on any goods from any country that would enable you to make millionaires of people. I think there should be a fair and reasonable profit to bring all countries on a reasonable basis considering the handicaps of the home country, that is, wages, and the INTEREST. If the INTEREST is higher in one country than the other, whatever the handicaps may be, then the home country should be protected just as the former government tried to arrange the duties and gave Britain an opportunity to come in and put her on an even basis on the basis of cost.

BY MR. McRUER: Q. That is what the Tariff Board did in their ruling on cottons in the last report? A. Yes.

Q. And you criticized the Tariff Board for their action. You say it is going to ruin your industry? A. Excuse me, the original duties that were put on

good market and we did not have to take advantage of it; but what I claim is that when we get our costs we are satisfied on the basis of costs which include a reasonable profit.

BY THE COMMISSIONER: Q. In other words, what you say now is that all you want is a reasonable profit? A. That is all, sir. If you would be interested in it, my lord --

Q. I am glad for your own sake you have come down to that because that is not what you were saying a few minutes ago? A. I must have misunderstood because I don't think that any duties -- it is my own private opinion that there should never be a duty on any goods from any country that would enable you to make millionaires of people. I think there should be a fair and reasonable profit to bring all countries on a reasonable basis considering the handicaps of the home country, that is, wages, and [illegible]. If [illegible] is higher in one country than the other, whatever the handicaps may be, then the home country should be protected just as the former government tried to arrange the duties and gave Britain an opportunity to come in and put her on an even basis on the basis of cost.

BY MR. McKAY: Q. That is what the Tariff Board did in their ruling on cottons in the last report? A. Yes.

Q. and you criticized the Tariff Board for their action. You say it is going to ruin your industry? A. Because we, the original duties that were put on

by the Bennett Government --

Q. I am talking about the Tariff Board, and that is precisely what the Tariff Board did, endeavoured after a long and lengthy hearing to fix the duties on the basis that the British manufacturer would be able to compete on an equal footing in this market? A. We claim that was not done; that is what we complain about.

Q. That is what the Tariff Board ruled they were doing after a long and exhaustive hearing; of course, the litigants are not always satisfied with the judgment. A. They promised they would do it but it was never done. They never took the trouble or the time to prove that the British figures on costs were correct as they did in Canada. That is the complaint we have to make.

Q. That is a serious charge you are making against the members of the Tariff Board? A. They didn't have the time.

Q. You are making a serious charge against the members of the Tariff Board that they gave judgment in this case -- A. In our opinion they did.

Q. --without having investigated the other side of it to their satisfaction? A. It is our belief that they never had the opportunity of proving the British costs. They were to send men over to do it and it was never done. I don't believe they know to-day -- the Tariff Board knows to-day what the British costs are.

Q. They seemed to be fairly well satisfied in

by the Dominion government --

Q. I am talking about the Tariff Board, and that is precisely what the Tariff Board did. endeavoured so for a long and lengthy hearing to fix duties on the basis that the British manufacturer would be able to compete on an equal footing in this market?

A. My dear Mr. Chairman, that was just what we complain about.

Q. That is what the Tariff Board said they were doing after a long and exhaustive hearing; of course, the litigants are not always satisfied with the judgment.

A. They promised would do it but it was never done. They never gave the trouble or the time to prove that the British [illegible]

Q. That is a serious charge you are making against members of the Tariff Board.

A. [illegible] time.

Q. You are making a serious charge against the members of the Tariff Board that they gave judgment in this case --

A. In our opinion they did.

Q. --without having investigated the other side of it to their satisfaction?

A. It is our belief that they [illegible] proving it and it was never done. I don't believe they [illegible] -- the Tariff Board [illegible] that the British [illegible]

Q. Then answer is [illegible] in

the judgment they wrote, a very long and comprehensive one on the subject matter? A. They no doubt had reasons; that is our opinion.

Q. What do you suggest, what suggestion are you making, Mr. Dawson? A. I haven't anything to suggest except that we are not satisfied.

Q. You say they no doubt must have had reasons? A. They must have or they would not have presented them. I don't think I should interpret what the objective was.

Q. You are making some suggestion against the Tariff Board on the rulings that they have made; what is your suggestion, that they have been derelict in their duty? A. I think the budget had to be brought down and they had to come to a conclusion as to what would be fair. I think it probably was their judgment that that was fair. I don't think it was fair to the industry. I think these British costs should have been proved as our costs were in Canada.

Q. Probably they were not much better satisfied with your proof or your costs? A. It was never disputed, even the Britishers didn't dispute our costs.

Q. On the subject of costs will you tell me now after this somewhat long dissertation as to whether the prices that you have reduced your goods to since the tariff came into effect still show a margin of profit? A. Well, I cannot answer that question, Mr. McRuer, because I don't know. We will

the judgment they rendered, a very long and comprehensive one on the subject matter? A. They no doubt had reasons; that is our opinion.

Q. What do you suggest, what suggestion are you making, Mr. Dawson? A. I haven't anything to suggest except that we are not satisfied.

Q. You say they no doubt must have had reasons? A. They must have or they would not have presented them. I don't think I should interpret what the judgment was.

Q. You are making some suggestion against the tariff board on the rulings that they have made; what is your suggestion, that they have been careless in their study? A. I think the budget has to be brought down and they had to come to a conclusion as to what would be fair. I think it probably was their judgment that that was fair. I don't think it was fair to the industry. I think these British costs should have been proved as our costs were in Canada.

Q. Probably they were not much better satisfied with your proof or your evidence? A. If you were disputed, even the Britishers didn't dispute our costs.

Q. In the subject of costs will you not be now [illegible] somewhat long discussions as to whether the prices that you have reduced your goods to since the tariff came into effect still give a margin of profit? A. Well, I cannot answer that [illegible]

have to wait till we present you with another statement of our operations. We don't know what stock we have and what it has got to be sold at. It may have to be sold at a loss in many cases. We don't know that we can get full work. If we can operate our mills 100% our profits will be a great deal more than if we only operate 50%. Nobody can tell to-day what the operations for next year will be.

Q. I know, but you have fixed the prices; you told us the prices are fixed on the basis of costs --

A. That is what we --

Q. Just a moment, let me get through with my question. I will make a speech to you.

A. Alright.

Q. You told us that the prices are fixed on the basis of cost when the tariff is high enough to exclude foreign competition and when the tariff is low enough to permit it these prices are fixed on the basis of competition? A. That is right.

Q. Alright; then, if the prices are fixed on the basis of cost when foreign competition is excluded why cannot you tell me now whether these prices that you are quoting now show a profit or not? if you have got a basis of cost on which to fix the prices, that is, cost plus a reasonable profit; you told us that was the way you fixed them?

A. Right.

Q. Then, I ask you a very simple question, do these prices, having regard to cost plus a reasonable

have to wait till we present you with another statement of our operations. We don't know what stock we have and what it has got to be sold at. It may have to be sold at a loss in many cases. We don't know that we can get full work. If we can operate our mills 100% our profits will be a great deal more than if we only operate 50%. Nobody can tell to-day what the operations for next year will be.

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A. Alright.

Q. Then, I ask you a very simple question, do

profit, show a profit? A. Unfortunately these prices we are quoting now are not based on cost. They are based on competition.

Q. You say these prices are based on competition? A. Exactly.

Q. If you are required to set a price then, if the tariff was put up to-morrow would you know what prices to set? A. If the price was put up all over that would enable us to get our figures on cost and we would know exactly what price to ask.

Q. Well, is the price that you are asking now a price that is above cost, that shows a profit? A. I should not say so, but I say you cannot tell definitely until your record for the year is made up, when you know how many looms you have run and what your production has been, and what stock, what inventory you have left on hand at the end of the year.

Q. Alright, very well; if that is true how do you tell when the wall is around the country excluding all other imports, how do you tell whether the price you have set isn't too high and that you are not taking too large a profit, or do you just take all you can get inside the wall? A. There never has been a time in the long history of the cotton business that I have been in when you could get all the profit you would like to get, or that there is a wall around it that would enable you to get fictitious profits. I have a record here I would

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like to present of what our profits really were in the last ten years.

Q. Yes, but you cannot tell me though how much bonus stock you have got in your company? A. Yes, I can tell you; there is none.

Q. Now, you don't know how much stock was given through deals that were made when the company was organized? A. I don't know away back in 1902 but I do know when the reorganization took effect in 1910, when I first came into it, that there was no water then, and that the reorganization was within the company. There was only a distribution that was made, a distribution of the profit and loss account and that belonged to the shareholders.

Q. Yes, but it was split to shares, the distribution of profit and loss account, that was a profit that had been built up and then you split shares to cover that? A. Yes, but that belonged to them.

Q. Well, it was a stock bonus, and then you are turning around to pay dividends now on the split shares? A. I would not say so. It was profit that was put into the business, that ploughed back into the business.

Q. You ploughed it into a stock bonus and now you are paying dividends on the increased capitalization? A. Whether it was lying there to the credit of the shareholders in the form of profit and loss account or whether it was distributed in stock does not make very much difference.

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Q. Well, it was a stock bonus, and then you are turning around to pay dividends now on the split shares? A. I could not answer that. It was profit that was put into the business, that [illegible] stock into [illegible].

Q. You ploughed it into a stock bonus and now you are paying dividends on the increased capital-[illegible]? A. Anyhow it was little there to the credit of the shareholders in the form of profit and then proceed to divide it on distributing in cash but not each year [illegible]

Q. Well, it makes a difference now. If you distribute it in cash you would have your original capitalization on which we could measure the dividends you are paying, but now you are trying to pay dividends on the increased capitalization.

MR. KELLOCK: It was all cash.

THE WITNESS: I think you will find the capitalization is very low compared with the actual value --

BY MR. McRUER: Q. That may be, I have no doubt of that; you have done remarkably well over a period of years in having a large reserve and a valuable property as against the investment that was made.

A. Well, the property is valuable if we are allowed to run it. If we are not why it is only scrap.

Q. Well, this company has been talking blue ruin because of not enough tariff protection for 30 years, hasn't it? Almost annually, in their annual statements, they have been complaining they did not get enough tariff protection? A. Well, the profits do not show anything abnormal there.

Q. I say this that they have been complaining, your company, since you have been connected with it, and you have been one of the chief complainers that you have had insufficient tariff protection over a large number of years away back to about 1910?

A. I don't know that I have made those statements.

Q. Well, we have had them the other day?

A. There was some statement to that effect that you read from 1902 to 1910 but I don't recall that since that time there were very many complaints of that

Q. Well, it makes a difference now. If you distribute it in cash you would have your increased capitalization or trial or profit equivalent to what you are paying, but now you are trying to pay dividends on the increased capitalization.

MR. KELLOCK: It was all cash.

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BY MR. MCKEEN: Q. That may be. I have no doubt of that; you have done remarkably well over a period of years in having a large reserve and a valuable property as against the investment that was made.

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Q. Well, we have had them the other day?

A. There was some statement to that effect that you read from 1902 to 1910 but I don't recall that since that time there was very much complaining at least

kind?

Q. Well, we will give you some of them at your heyday of best production. Back in 1925 I see from the annual report you say --

" The new financial year of the Company opens with fair promise. Raw cotton is selling at a reasonable figure and stocks of finished goods are low.

On the other hand, competition from England on fine goods, and from the Southern States on heavy goods, is difficult to meet. The wages in English mills are about one-half those paid in Canada, while in the Southern States, in addition to low wages, mills are run from five to ten hours per week in excess of your mills, and child labour is also permitted".

And the profit and loss account shows $219,690 paid on preferred shares and $217,240, on common shares.

THE COMMISSIONER: What rate was that?

MR. McRUER: 8%.

THE WITNESS: 6% on the preferred and 8% on the common.

MR. McRUER: Then, of that common stock, just how many were -- I have not got the figure right here from the Price Spreads, returns to the Price Spreads Inquiry as to the number of shares that were termed there tobe bonus shares, bonus stock, call it whatever we like.

MR. KELLOCK: It is an increase of capital.

MR. McRUER: The capital stock is $2,715,500

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On the other hand, competition from England on fine goods, and from the southern States on heavy goods, is difficult to meet. The wages in English mills are about one-half those paid in Canada, while in the Southern States, in addition to low wages, mills are run from five to ten hours per week in excess of your mills, and child labour is also permitted".

And the profit and loss account shows $219,690 paid on preferred shares and $117,400 on common shares.

THE COMMISSIONER: What rate was that?

MR. MONDER: 8%.

THE WITNESS: 8% on the preferred and 8% on the common.

MR. MONDER: Then, of that common stock, just how many were -- I have not got the figure right here from the Price Speaks, returns to the Price Spreads Inquiry as to the number of shares that were termed three tobe bonus shares, bonus stock, call it whatever we like.

MR. MERCOCK: It is an increase of capital.

MR. McTIER: The capital stock is $4,718,800

Issued to shareholders of Canadian Coloured Cottons, Limited $675,000, issued as bonus $1,325,000, issued re purchase Mount Royal Spinning Company, $715,000. Now, that appears to be the way that it was returned to the Price Spreads? A. I don't think that is correct. If there was only one shareholder and he had a million dollars in one pocket and he transferred it to another it is still his.

Q. Was there only one shareholder? A. I mean to get it down to a one basis. Every shareholder was treated alike. It was their own money.

Q. Just let us get what there was and we can judge it ourselves without arguing. It is $1,325,000 of common stock, or stock that was issued as stock bonus; is that correct? A. I would like you, if speaking a long way back, to remember as I recall it that there was the same amount of common stock at the end of the reorganization as there was at the beginning. I don't think there was any more common stock.

Q. Well, preferred stock issued? A. The preferred stock --

Q. You increased the preferred? A. There was one million dollars as I recall it of new money put in by the preferred shareholders and then the common shareholders distributed to a certain extent part of the value of their profit and loss account which was their own.

Q. Was it $1,325,000? A. I haven't the

issued in exchange for Canadian Primrose Gold Mines Limited $675,000, issued on bonus $1,325,000, issued [illegible] Canadian Royal Petroleum Company, $[illegible]. Now, this appears to be the way that it was returned to the Irish Syndicate? A. I don't think that is correct. If there was only one shareholder and he had 2 million dollars in one pocket and he transferred it to another it is still his.

Q. Was there only one shareholder?

A. I mean to get it down to a one basis. Every shareholder was treated alike. It was their own money.

Q. Just let us get what there was and we can image it ourselves without arguing. It is $1,325,000 of common stock, or stock that was issued as stock [illegible]? A. [illegible] like [illegible] it speaking a long way back, to remember as I recall it that there was the same amount of common stock at the end of the reorganization as there was at the beginning. I don't think there was any more common stock.

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Q. [illegible]? A. [illegible] million dollars as I recall it of [illegible] put in by the preferred shareholders and then the common shareholders distributed to a certain extent part of the value of their profit and loss account which was their own.

Q. Was it $1,325,000? A. I haven't the

figures before me. I presume that must be it.

Q. I would like to get that because it has some bearing on what your demands are as to tariff protection.

THE COMMISSIONER: was that the year 1925 you read about just now where the 8% dividend was paid on the common?

THE WITNESS: For several years there was 8% paid.

Q. Why should a company which is able to pay 8% on its common stock and meet its obligations on the preferred stock still complain about the tariff? A. I don't think there was any complaint about the tariff there.

Q. Oh yes, there was.

MR. McRUER: You said --

"On the other hand, competition from England on fine goods, and from the Southern States on heavy goods, is difficult to meet. The wages in English mills are about one-half those paid in Canada, while in the Southern States, in addition to low wages, mills are run from five to ten hours per week in excess of your mills, and child labour is also permitted.

Until these competitive countries bring their standard of living up to that prevailing in this country, cotton manufacturing in Canada can only be made profitable by keeping the mills in a high state of efficiency and by the practice of the utmost economy."

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Q. I would like to get that because it has some bearing on what your remarks are as to tariff protection.

MR CONNELL: Yes that the year last you read about just now where the 8% dividend was paid on the preferred.

THE WITNESS: For several years there was 8% paid.

Q. Why should a company which is able to pay 8% on its common stock and pay its dividends on the preferred stock still complain about the tariff? I don't think there was any complaint about the tariff there.

A. No yes, there was.

MR. McPHERSON: You said --

"On the other hand, competition from England on the goods, and from the Southern states on heavy goods, is difficult to meet. The wages in English mills are about one-half those paid in Canada, while in the Southern States, in addition to low wages, mills are run from five to ten hours per week in excess of your mills, and child labour is also permitted.

Until these comparative countries bring their standard of living up to that prevailing in this country, cotton manufacturing in Canada can only be made profitable by keeping the mills in a high state of efficiency and by the practice of the utmost economy."

BY THE COMMISSIONER: Q. Why shouldn't you keep your mills in a high state of efficiency? Why shouldn't you practice economy? A. It was --

Q. If you can get 8% profits on your investment by doing that I don't see how you can still complain? A. There was no suggestion, my lord, is there, that we were asking for an increased tariff there? We are just stating conditions.

Q. If it doesn't mean that it means nothing. A. We are stating conditions, the reason of the competition --

BY MR. McRUER: Q. Just let me read a few more extracts from other years, 1924 --

"It is difficult to forecast business conditions for the coming year. At the moment curtailment is general among the Textile Mills throughout the world; and in all probability this will continue for some time to come.

Your Directors hope, however, that the last half of the financial year, 1924-5, will show a decided improvement, particularly if a fair cotton crop is harvested which can be sold at reasonable figures. Stocks throughout the wholesale and retail are steadily diminishing, and further supplies will surely be needed before many months have passed.

It is expected also that some Government action will shortly be taken to overcome the disability to which Canadian manufacturers are now subject

Hall Tawson.

MR. MCCONNELL: Q. Why shouldn't you keep your mills in a high state of efficiency? Why shouldn't you modernize? A. It was --

Q. If you can get 8% profits on your investment by doing that I don't see how you can say it cripples us.

A. There was no suggestion, my lord, is there, that we should have asking for an increased tariff therefore we are just stating conditions.

Q. It is clearly your duty to state conditions.

A. We are stating conditions, the reason of the competition --

MR. MCCONNELL: Q. Just let me read a few more extracts from other years, 1934 --

"It is difficult to forecast business conditions for the coming year. At the moment optimism is general among the Textile mills throughout the world; and in all probability this will continue for some time to come.

Your directors hope, however, that the latter half of the financial year, 1934-5, will show a material improvement. Particularly if a fair cotton crop is harvested which can be sold at reasonable figures. Stocks throughout the wholesale and retail are steadily diminishing, and further supplies will usually be needed before many months have passed.

It is expected also that some Government action will shortly be taken to overcome the disability by which Canadian manufacturers are now subject

"through the discount on foreign exchange; such a movement would certainly tend to increase the demand for domestic goods."

Now, that year your dividends were the same and there is a balance brought forward to surplus account.

A. How much? May I see that?

Q. About nine thousand and some odd dollars that year.

MR. KELLOCK: The witness asked to see that.

MR. McRUER: Yes, alright, but I want to read you some of the good news of one or two of the other years.

MR. KELLOCK: Are the complaints good news?

MR. McRUER: Oh, I read both sides. 1926, just pay attention to this --

"It is difficult to forecast the year 1926-27. Raw cotton is low in price, but goods in both England and the United States are selling below the parity of cotton. In the Southern States this is particularly so at the present time. The desire for business appears to have precipitated a price war, which is causing great concern to the mills involved.

Unfortunately your Company has to meet these cut prices or cease operations, the latter course being quite as serious as the selling of goods at or below cost.

The Canadian Dumping Clause of the Tariff ought to operate in cases of this nature, but under existing regulations little is being done to assess a proper valuation for customs duties

"on such goods.

For the present there appears little likelihood of your Mills being able to operate full time.

A hopeful phase of the situation is that stocks throughout the country are low, and if business confidence can be maintained, we believe that the year before us may be made as successful as the year which has just closed."

And the year that had just closed showed both dividends paid, bond interest paid and reserve for bad debts, and a balance brought forward of $27,128, and I just draw your attention to the position that the company showed, depreciation account of $2,1000,000, and balance to credit of profit and loss of $2,709,000, or in those two reserves $4,800,000 as against an issued capitalization of about $6,000,000., $4,800,000 in those reserves. Now, let me read about 1927 and get your views on the tariff situation then. This is for the year ending the 31st of March, 1927.

"Cotton manufacturing conditions for the year just closed were made difficult through a price war that prevailed for many months among the mills in the United States, resulting in financial embarrassment to some and to severe depletion of the reserves of other organizations.

To keep your mills in operation, these unwarranted prices had to be met, which meant that many staple lines had to be marketed at or below cost. Conditions in this respect improved during the last quarter of your financial year, and this

"We have found

for the present the demand — 1919 — liquidation of your mills being able to operate full time.

A hopeful sphere of the situation is that stocks throughout the country are low, and if business confidence can be maintained, we believe that the year before us may be made as successful as the year which has just closed."

And the year that had just closed showed both dividends paid, bond interest paid and reserve for bad debts, and a balance brought forward of $47,186, and I just drew your attention to the position that the company showed, depreciation account of $2,1000,000, and balance to credit of profit and loss of $2,700,000, or in those two reserves $4,800,000 as against an issued capitalization of about $6,000,000., $4,800,000 in those reserves. Now, let me read about 1927 and get your views on the tariff situation then. This is for the year ending the 31st of March, 1927.

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To keep your mills in operation, these unwarranted prices had to be met, which meant that many mills that had to be operated at no value cost. Conditions in this respect improved during the last quarter of your financial year, and this

"together with the fact that raw material was obtainable at reasonable prices, permits the presentation of figures which, it is hoped, will be found satisfactory to the shareholders."

It goes on --

"Little can be said as to conditions facing your company during the coming year. It is quite evident that the keenest kind of competition will continue, both from England and the United States, and it has been noticed of late that Germany, Italy, Belgium and Czecho-Slovakia are making determined efforts to obtain a foothold in this market. The situation can only be met by keeping the plants in a high state of efficiency, and by practicing the strictest economy in every department of the business."

And that year some $436,950 was paid in dividends, a balance of $27,000 brought forward to profit and loss account and your reserve I see is about $2,450,000 and your surplus to the credit of profit and loss account $2,737,000. Now, we pass from there to 1928, and this is a statement signed by yourself, Mr.Dawson?

A. Yes.

Q. The other was signed by Mr. Hosmer.

(page 7215 follows)

"together with the fact that raw material was obtainable at reasonable prices, permits the presentation of figures which, it is hoped, will be found satisfactory to the shareholders."

It goes on --

"Little can be said as to conditions facing your company during the coming year. It is quite evident that the keenest kind of competition will continue, both from England and the United States, and it has been noticed of late that Germany, Italy, Belgium and Czecho-Slovakia are making determined efforts to obtain a foothold in this market. The situation can only be met by keeping the plants in a high state of efficiency, and by practising the strictest economy in every department of the business."

And that year some $426,950 was paid in dividends, a balance of $47,000 already [illegible] in profit and loss account and your reserve I see is about $2,600,000 and your surplus to the credit of profit and loss account $2,727,000. Now, we have some [illegible] in 1920 and this is a statement signed by yourself, Mr. Dawson, A. Yen.

Q. This statement signed by Mr. Dawson?

(Mr. Yen's signature)

"It is more difficult than usual to forecast the results of next year's operations, due to changes in the Tariff on cotton yarns and cotton piece goods, as announced by the Minister when he recently brought down his Budget. Your directors are making every possible effort to lower costs through increased economies believing that only as a last resort should wages be disturbed, as it is very desirable that the standard of living of our operatives may be fully maintained.

Should the textile business improve in England and in the United States, enabling mills in those countries to market their production at a profit, the situation here would immediately show a change for the better, overcoming to some extent the loss suffered through recent tariff reductions. If the competition we are having at present continues unabated a lean year must be anticipated.

In the last few years both in England and in the United States, and more particularly in the latter country, experts in a variety of industries have been at work devising ways and means of lowering the cost of production by standardizing methods. In sympathy with this movement your Directors for months back have been studying methods of lowering costs

increase the results of next year's operations, due to changes in the Tariff on cotton yarns and cotton piece goods, as announced by the Minister when he recently brought down his Budget. Your directors are also very anxious that every effort to lower costs through increased economies be taken, that only as a last resort should wages be lowered, as it is very desirable that the standard of living of our operatives may be fully maintained.

Should the textile business improve in England and in the United States, enabling mills in these countries to resume fully production at a profit, the mills upon here would immediately commence to make up for the business coming in some extent the loss suffered through recent tariff reductions. If the competition we are having by foreign manufacturers continues, it may come much as anticipated.

In the last few years both Canada and in the United States, and more particularly in the latter country, experts in a variety of industries have been at work devising ways and means of lowering the cost of production by mechanical methods. In showing this movement your Directors for months past have been studying methods of lowering costs

in the mills of your Company, and to achieve the best possible results the management is having a complete survey of the plants made by a group of American textile experts."

Now, the dividends on preferred and common stocks $436,930. were paid. Balance brought forward to Profit and Loss account--? A. How much did we carry over that year?

Q. Carried forward to Profit and Loss $12,382.61 and your Reserve Account is up now to $2,800,000, which seems a very substantial amount added to reserve there, and your Profit and Loss $2,749,945.88.

Then we come to 1929:

"Your directors proposed to again draw the attention of the Government to the unfortunate position in which the Canadian Cotton Manufacturers find themselves, sincerely hoping that a remedy may be found to meet existing conditions."

Now, you see we could go on reading these almost ad infinitum. Whether you were making profits or losses you are complaining about competition from abroad. It seems to be a chronic state with this Company? A. It is quite true, competition isalways keen.

Q. And I say is not it fair to say that if you had not been subjected to the competitionthat

under skilled of your company, and to achieve the best possible results the management is having a complete survey of the plants made by a group of chartered-family experts.

Now, the dividends on preferred and common stocks $446,350. were paid. Balance brought forward to profit and loss account--? 4. How

$12,588.01 and your reserve account is up now to $[illegible],000. which indicates a very considerable amount added to reserve there, and your profit and loss $2,742,949.58.

Then we come to Item:

The attention of the government to the manufacturers find themselves, sincerely hoping that a remedy may be found to meet existing conditions.'

Now, you see we could go on reading these almost ad infinitum. Whether you were making profits or losses you are complaining about competition from abroad. It seems to be a chronic ailment with this company? 5. It is quite true, competition has always been.

Do I say is not it fair to say that if

you were complaining about you would have charged higher prices for your goods? A. Some cases no doubt.

Q. Well, you were complaining that you had to meet prices, had to meet competition from England, had to meet competition from the United States, so that if you had not met with competition you would have been charging consumers higher prices for your goods? A. No doubt about that. Wherever it showed we were not making our costs why then if we had less competition we would have had higher prices. I think that is quite right.

Q. Then we come into a new year of things in 1930 and when you got just about all you were asking for in the way of tariff protection? A. We did not. You did not mention the facts that dividends had to be stopped altogether for a few years.

Q. When did you stop dividends? A. Well, I do not just recall without looking at the statements. I think about four years no dividends paid.

Q. We will find after they stopped you entered the promised land or before.

THE COMMISSIONER: Q. Are the dividends on the preferred stock not being paid? A. Always. They have always been paid since the organization of the company. It was the common dividend that was discontinued for a period when the profits

Q. and consulting your well-known Annual Report plans for 1937? A. I have made no doubt.

Q. Well, you were complaining that you had to meet prices, had to meet competition from Germany, and to meet competition from the United States, so that if you had not met with competition you would have been charging consumers higher prices for your product? A. We doubt about that. However it showed we were not making our costs way then if we had less competition we would have had higher prices. I think that is quite right.

Q. When we come into a new year of things in 1940 and when you put just about all you were making for in the way of tariff protection?

A. We did not. You did not mention the fact that dividends had to be stopped altogether for a few years.

Q. When did you stop dividends? A. Well, I do not just recall without looking at the statements. I think about four years no dividend paid.

Q. We will find after they stopped you restored the payment of dividends.

THE MINISTER: Are the dividends on the preferred stock not being paid? A. Always. They have always been paid since the organize from of the company. It was the common dividend that the Government had to waive and not preferred

were small. I think it was four years and then started again at 4%, which they have continued without interruption since they were renewed.

MR. McKUER: 1931 there was dividends on the preferred shares.

THE COMMISSIONER: No, Mr. Dawson says that the preferred dividend has always been paid.

MR. McKUER: I was trying to find out when the common dividend was stopped. It must have been 1931. Dividend was paid in 1930 but the dividend was reduced on the common shares $162,930 instead of $217,000? A. And then probably the next year discontinued.

Q. Of course, these statements that are published are always subject to the question of inventory and at what price the inventory is taken in at. A large profit can very often be tucked away by under-valuation of inventory? A. I may just say that our inventory ever since I have had anything to do with the business has been constant. There would be a change, though, for instance if the inventory was very large one year and very small the next, any reduction in the inventory might come out in the profits of the next year, but the custom is to take the inventory on the same basis year by year.

Q. But you did not always do it? A. Excepting this year we have because of the reason we mention, as soon as Budget was brought down we made this

were small. I think it was four years and then started again at 4%, which they have continued without interruption since they were renewed.

Q. In 1931 there was dividends on the preferred shares.

The Royal Commission: Mr. Mr. Lawson says that the preferred dividend has always been paid.

A. Yes, sir: I was trying to find out when the common dividend was stopped. It must have been 1931. Dividend was paid in 1930 but the dividend was reduced on the common shares 124,430 instead of 247,000? A. And then probably the next year discontinued.

Q. Of course, these statements that are published are always subject to the question of inventory and at what price the inventory is taken in at. Large profit can very often be tucked away by under-valuation of inventory? A. I may just say that one inventory ever since I have had anything to do with the business has been constant. There would be a change, though, for instance if the inventory was very large one year and very small the next, any reduction in the inventory might come out in the profits of the next year, but the inventory is the same.

Has you did not always do it? A. Absolutely

reduction because we thought it was the sane thing to do. If you have a profit in inventory one year it will come out in the next year if you sell the goods at higher than you take it in at, so that nobody suffers in that case.

Q. Yes, but the profit can be tucked away in the inventory. We do not know whether you have profits tucked away in your inventory now or not for this year? A. It may be. For instance, we take 25% off the Milltown mill--it may be that business will improve and we will sell those goods that there will be a profit come into next year on those goods.

Q. Here is something I want to see if you can explain this to me: In the year 1929 you had sales amounting to $9,129,943. Your gross profits for that year were $1,282,063, or if we just get the round figures $9,000,000 showed gross profits of $1,282,000? May I look at the book for that year, the printed report.

Q. Yes, got 1929 and I want you to get 1934 too. Now, in 1934 your sales were $8,279,000 but y your gross profits were $1,734,000 or on sales in 1934 amounting to a million less you made about $500,000. more profit?

THE COMMISSIONER; Than what year?

MR. McKUER: Than in 1929.

Q. What is your explanation of that? A. Well,

reduction because we thought it was the wise thing to do. If you have a profit in inventory one year it will come out in the next year if you sell the goods at higher than you have it in at, so that nobody suffers in that case.

A. Yes, but the profit can be tucked away in the inventory. We do not know whether you have got to tucked away in your inventory now or not for that year?

A. It may be. For instance, we have got out the milltown mill--it may be that business will improve and we will sell those goods that there will be a profit come into next year on those goods.

Q. Here is something I want to see if you can explain this to me: In the year 1929 you had sales amounting to $1,121,[illegible]. Then gross profit for that year were $1,[illegible], or if we just got the round figures $9,000,000 showed gross profits of $1,[illegible]? May I look at the book for that year, the printed report.

A. Yes, got 1929 and I want you to get 1924 too. Now, in 1924 your sales were $6,279,000 but your gross profits were $1,756,000 or on sales in 1924 amounting to a million less you made about [illegible]

THE COMMISSIONER: Then what year?

MR. MCPHER: Then in 1929.

Q. What is your explanation of that? A. Well,

you see in 1934 the profits were larger than in 1929.

Q. No, I am dealing with your gross profit. In 1934 you had sales amounting to $8,279,000 but gross profit on it of $1,734,000? A. Where did you get those figures?

Q. I got these from your returns to the Price Spreads Commission? A. It is not shown here in this book, 1934. Shows profits from operation of $276,000.

Q. But that is after depreciation--providing for depreciation, all duties and Government--I am taking your gross profits? A. The nett profits is the thing you take.

Q. Now, I am getting at something here and I want to know if you have any explanation, if those figures be true, as to why you should make a gross profit of $500,000 more on sales amounting to a million dollars less? A. I do not think these are the facts as I see it.

Q. I will just let you have them looked up? A. Looking at these figures here I am showing a nett profit for the year 1934 or $342,000.

Q. Just let us stop here. Now, you are too good business man to leave that impression--you know they represent different things. I am talking about gross profit before depreciation , and I think it is perfectly plain from this that you were taking

you see in 1934 the profits were larger than in 1933.

Q. Is that your own words.

In 1934 you had sales amounting to $8,279,000 but gross profit on it of $1,724,000? A. Where did you get those figures?

Q. I get these from your returns. Is the price upgrade correct? A. It is not known here in this book, 1934. Gross profits from operations of $276,000.

Q. But that is after depreciation--providing for depreciation, all duties and government--I am taking your gross profit? A. The net profit is the thing you have.

Q. Now, I am getting at something here and I want to know if you have any explanation, if these figures be true, as to why you should make a gross profit of 1,000,000 more on sales amounting to a million dollars lower? A. I do not think that are the truth as I see it.

Q. I will just let you have them looked up.

A. Looking at these figures here I do not make a net profit for the year 1934 of $542,000.

Q. Let us stop here. Now, you are too good business man to leave that impression--you know that accounts differently which- (Are looking back gross profit before depreciation, and I would be inclined to think that are what you have stated

advantage of theexclusive tariff for a high mark up? A. What was the depreciation in 1929 as compared with 1934 because that would affect--

Q. I am giving you gross profits before depreciation. Your gross profit is your gross profit and I am taking the both years? A. Well, it is quite evident in 1934 that the business was being done on a more profitable basis if the profits were greater.

Q. I am asking you why it was or if you know what the gross profit was that much morein 1934? A. I would have to have--

Q. Because it is a tremendous amount you realize on a million dollars less business you should have $500,000 more profit.

MR. KELLOCK: It is $850,000.

MR. McRUER: Well, all right.

THE WITNESS: That would have to be looked into because apparently we are getting either a larger run - the production might have been larger, less curtailment.

Q. Well, then, when I come to another aspect of your business and see if you can give me any explanation of that off hand. According to the returns made to the Prices Spreads Committee at the St. Croix Mill your average wage was 35.47 an hour in 1933, but it was 29.67 an hour in 1934. Now, I give you the average hourly rates for all your

advantage of preferential tariff for a long term up?

A. What was the discussion in 1897 as compared with the 1896 campaign that would attract--

Q. I am asking you general in this matter of protection. You know perhaps a very great deal and I am taking the best answer A. Well, it is quite evident in 1896 that the business was coming down to a very profitable basis of the models were greatly.

Q. I do not know why it was so if you know what the models did was that most common today.

A. I am a case to have--

Q. Because it is a terrible thing for models on a million dollars less pressure you must have good, no more profit.

A. Yes, I do not know.

Q. Yes, Mr. Wright.

Q. Did you ever see Mr. Wright in Lynn? Lodge and - the production might have been lower, less maintenance.

A. Well, big, when I came to another school of our business and see if you can give me any explanation of that a? Well. According to the mean there was in the Lynn lumber conditions in the -- Lots Bill you compare 1896 the 06.47 in that in 1896, but it was 06.47 in 1898. Now, I have you the average hourly wages for a 11 year

mills so that you may have them in your mind. The mill at Cornwall, 1934, 29.46; 1933, 33.05. Stormont, 1933, 28.92; 1934, ; Dundas 1934, 30.94, 1933, 34.55. Ontario mill, 1934, 31.10; 1933, 35.18. Gibson mill, New Brunswick, 1934, 32.05; 1933, 30.85. St. Croix Mill, 29.67 for 1934 and for 1933, 33.47. Cornwall and York mills, New Brunswick, 28.46 for 1934 and for 1933, 32.49. The average - I have not got them average, and I see an item in the report for March 1933, March 31st, 1933:

"Because of existing conditions your directors decided, with great regret, to reduce all salaries and wages by an average of 10% effective as from April 1st, 1933."

A. That is right. That was the only reduction made during the whole time of the depression and half of that was restored I think a year later. I think that is a record that will be hard to find anything comparable with it in any other industry in Canada as well as elsewhere.

Q. It may be. What I am getting at is your gross profits for that year seemed to be up about $500,000 on less business and you cut your wages when your profits were up? A. Is that 1933? May I see that?

Q. For the year ending 1933. Here is your record and just let me give it to you. On

mills so that you may have them in your mind. The mill at Cornwall, 1934, 23.46; 1935, 22.03. Stormont, 1933, 22.53; 1934, ; Dundas 1933, [illegible], 1934, [illegible]. 23.10; 1935, 21.14. Glengarry mill, New Brunswick, 1933, [illegible]. [illegible] for 1934 and for 1935, 23.17. Cornwall and York mills, New Brunswick, 23.46 for 1934 and for 1935, 22.49. The average - I have not got them average, and I see on item in the report for March 1935, [illegible], 1933:

"Losses of existing conditions your directors decided, with great regret, to reduce all salaries and wages by an average of 10% effective as from April 1st, 1932."

A. That is right. That was the only reduction made during the whole time of the depression and half of that was restored I think a year later. I think that is a record that will be hard to find anything comparable with it in any other industry in Canada as well as elsewhere.

Q. It may be, that I am getting at is your gross profits for that year seemed to be up about [illegible],000 on last [illegible] and you cut so much when your profits were up? A. As then [illegible] may I ask that?

Q. For the year ending 1932. Here is your record and just let me give it to you. Um

$5,789,000 you had a gross profit of $1,064,000, so that with less than two-thirds of the business you had in 1929 you had a gross profit - your percentage of gross profit was away up in 1933 to what it was in 1929? A. Must have been some reason for it. Of course, as I say, we deal with our net results and amount carried forward. In 1929 we showed a balance on the wrong side, did we not? In 1934 we carried a balance to surplus of $68,000.

Q. Yes, and you were reducing your wages to carry forward a balance into surplus account--

MR. KELLOCK: No, that was 1933.

MR. McRUER: 1934 was the end of the fiscal year, March 31st, 1934.

MR. KELLOCK: That was the year the wages were put up again.

MR. McRUER: No, March 31st, 1934, at the latter part of 1933 and the early months of 1934 and the wage reduction came into effect in 1933 and that is the precise year we had the wage reduction? A. Well, we apparently made a reduction in the dividends on the common stocks too because that year only $54,310 paid. That must have been 2% dividend is all the shareholders got. So that with the reduction in wages there was a reduction in the dividends too.

Q. Yes, but do you think it quite fair to cut the shareholders of common stock that had been given

$4,726,000 you had a gross profit of $1,000,000, so that with these two-thirds of the business you had in 1929 you had a gross profit - the percentage of gross profit was away up in 1929 so that it was in 1929?

A. That have been some reason for it. Of course, as I say, we deal with our net results and amount earned I mean. In 1929 we showed a balance on advertising side, did we not? In 1928 we showed a balance to credit of $9,000.

Q. Yes, and you were paid some more wages to carry forward a balance into surplus account.

MR. [illegible]: MAY [illegible].

MR. MONTAGUE: Just see the end of the fiscal year, March 31st, 1929.

MR. [illegible]: That was the year the wages were [illegible].

MR. [illegible]: No, March 31st, 1929, at the latter part of 1929 and the early months of 1930 and the more red ration came into effect in 1930 and that is the previous year we had the wage reduction?

A. Well, we had already made a reduction in the dividends on the common stocks too so that year only $54,000 paid. That that was when Mr. [illegible] is all the [illegible] so that was the reduction because there was a reduction in the [illegible].

Q. Yes, but do you think it quite fair to ask the shareholders of common stock that had been given

but largely in the way that this was on the same basis of consideration as the wage earners?

A. I think so because, for instance, dividends paid on common stock, as I remarked in one of my statements here - it is an old company and these shares have been distributed all over the country, a great many have gone into estates and held by orphans and widows and it does notseem quite fair - they will suffer correspondingly with the wage earners just as much.

Q. Whether there is money paid into your company for the stock or not you think that the wage earner ought to be made to produce dividends on this stock? A. Those people who have bought this stock many, many of them paid in some cases very high prices. Of the original people or whether there are any such, of course I don't know. You have to take the market as you find it.

Q. I am not quite prepared to concede that or I don't concede that the Dominion Company were entitled to realize 150% on the money invested and had to come out of the hides of the workers.

MR. KELLOCK: There is no figure of 150%.

MR. McKURK: What, the Dominion Textile Co.?

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(Page 7230 follows)

but largely in the way that this was on the same basis of consideration as the wage earner?

A. I think so because, for instance, dividends paid on common stock, as I remarked in one of my statements here - It is an old company and these shares have been distributed all over the country, a great many have gone into estates and held by orphans and widows and it does seem quite fair - they will suffer correspondingly with the wage earners just as much.

Q. Whether there is money paid into your company for the stock or not you think that the wage earner ought to be made to purchase dividends as fully there?

A. Those people who have bought this stock many, many of them paid in some cases very high prices. Of the original people or whether there are any such, of course I don't know. You have to take the market as you find it.

Q. I'm not quite prepared to concede that or I don't concede that the original company were entitled to realize 100% on the money invested and had to come out of the hides of the workers.

Mr. [illegible]: There is no figure of 100.

Mr. [illegible]: Well, the Canadian Textiles co.?

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(Page 7450 follows)

Q. In 1934, you write off, in depreciation, $850,000, according to my statement? A. And not too much.

Q. And you wrote off $550,000 for each of the years 1929, 1930, 1931, 1932 and 1933? A. Yes, that is, the records show that.

Q. Yes. Why did you not restore the whole of the wage cut to the wage earners when, in 1934, you showed a net profit of $336,000? A. In 1934.

Q. To which you add Miscellaneous income, that is income from investments, I take it, $147,000, or a total net profit of $484,000. Why did you not restore -- A. $424,000, Mr. McRuer.

Q. $484,000? A. $276,000 , and miscellaneous revenue $147,000.

Q. The net profit was $336,000 after depreciation? A. These are not the correct figures, Mr. McRuer. These are the correct figures here.

Q. Well, don't suggest, please, that these figures are not correct? A. I imagine our figures are correct.

Q. Well, would you make an incorrect return to the Price Spreads Commission? A. Not if we knewit. There is some slip somewhere, but those printed statements are correct.

Q. Your net profit for the year is $344,000? A. Correct.

Q. And then where is your return for investments?

Q. In 1934, you write off, in depreciation,

[illegible] amounts in the amount

[illegible]

Q. And you write off $350,000 for each of the years 1929, 1930, 1931, 1932 and 1933? A. Yes, that is, the records show that.

Q. Yes. Why did you not restore the whole of the wage cut to the wage earners when, in 1934, you showed a net profit of $386,000? A. In 1934.

Q. To which you add Miscellaneous income, that is income from investments, I take it, $147,000, or a total net profit of $486,000. Why did you not [illegible]

Q. [illegible]

[illegible]

Q. The net profit was $386,000 after depreciation?

A. These are not the correct figures, Mr. Mather.

[illegible] the correct figures [illegible]

Q. Well, don't suggest, please, that these figures are not [illegible]

[illegible] figures are accurate.

Q. Well, would you make an incorrect return to the Income Upsuda Commission? A. Not if we knew it. There is some slip somewhere, but those [illegible] are accurate.

Q. Your net profit for the year is $344,000?

A. Certain.

Q. And then same is your income for investment?

A. It is right there too.

Q. Oh yes, miscellaneous revenue, $147,000?

A. Yes.

Q. Oh, I see, you have taken off "Bad debts, Depreciation, and Government Taxes" that is the difference between the two figures. But you had a total net profit after depreciation, bad debts and government taxes of $342,368? A. Yes.

Q. Now, that was a very normal year, taking it over a period of a large number of years; that was getting pretty well back to normal, was it not?

A. We were improving; We did not carry a very large amount to profit and loss, and we only paid 2 per cent. on the common stock, which was very small, and I think there was $68,000 carried to the credit of profit and loss. I would not consider that very great.

Q. I just want to understand why it is that you did not put your wages back to the level, that is, to the level they had been at before you reduced them?

A. I do not think the position of the Company justified it, because we had been paying good wages right along. I think if you will compare them you will find that our wages compared favourably, if not the best of any company in Canada.

Q. When you got these high tariffs, one of the representations you made to the Government at the time was, that the employees would be benefitted, you would give them employment. A. Which was true.

A. It is right there too.

Q. Oh yes, miscellaneous revenue, $147,000?

A. Yes.

Q. Oh, I see, you have taken off bad debts, depreciation, and Government Taxes; that is the difference between the two figures. But you had a total net profit after depreciation, bad debts and Government taxes of $842,000? A. Yes.

Q. Now, that was a very normal year, taking it over a period of a large number of years; that was getting pretty well back to normal, was it not?

A. We were improving. We did not carry a very large amount to profit and loss, and we only paid 2 per cent on the common stock, which was very small, and I think there was $48,000 carried to the credit of profit and loss. I would not consider that very great.

Q. I just want to understand why it is that you did not put your wages back to the level, that is, to the level they had been at before you reduced them?

A. I do not think the position of the Company justified it. [illegible]

I think if you will compare them you will find that [illegible]

Q. When you got these high tariffs, one of the representations you made to the Government at the time was, that the employees would be benefitted, you would give them employment. A. Which was true.

Q. And yet when there are high tariffs you cut the employees' wages, when your profits are low, and then when you get them up you do not increase the employees' wages to what they were before. Now, is that not true? A. You must remember, we went through a very serious depression.

Q. Well, just let us see where your company was landed at the end of the serious depression. You had reserves of $4,800,000 by the end of 1934, and a balance at the credit of Surplus Account of $1,959,000, or, in other words, you had $5,759,000 tucked away. Just let us see how your reserves came up from 1930: In 1930, you had Reserves for depreciation, $2,800,000. In 1934, it was $4,200,000? A. Yes.

Q. Then you had a reserve for special replacements of $600,000, which was carried through at the same figure; and then, in 1930, you had a reserve of $100,000, for bad debts, which does not appear to bein your balance sheet in 1934? A. May I see that. Is this 1934?

Q. That is 1930? A. Well, ---

Q. Where is the bad debt reserve in 1934? A. Well, here it is (indicating).

Q. I see, you had put it on the other side of the balance sheet. Well now, could you tell me how much you had deducted in 1934 for bad debts, what the reserve had got up to; you see, you do not

Q. And yet when there are high tariffs you cut the employees' wages, when your profits are low, and then when you get them up you do not increase the employees' wages to what they were before. Now, is that not true? A. You must remember, we went through a very serious depression.

Q. Well, just let us see where your company was landed at the end of the serious depression. You had reserves of $4,840,000 by the end of 1931, and a surplus at the credit of surplus account of $1,950,000, or, in other words, you had $5,750,000 tucked away. Just let us see how your reserves for depreciation, $2,800,000. In 1934, it was $4,200,000? A. Yes.

Q. That is a reserve for depreciation of $500,000, which was carried through at the same figure; and then, in 1930, you had a reserve of $400,000, for bad debts, which does not appear to be in your balance sheet in 1934? A. May I see that? Is this 1934?

Q. That is 1930? A. Well, ---

Q. Where is the bad debt reserve in 1934?

A. Well, here it is (indicating).

Q. I see, you had put it on the other side of the balance sheet. Well now, could you tell me how much you had deducted in 1934 for bad debts,

show it in your statement the same way. You show Open accounts and Bills Receivable (Net cash basis) less reserves $1,145,000? A. Speaking from memory, Mr. McRuer, I think our bad debt reserve stands at $125,000. I don't know what it was at that time, but I think that is what it is to-day.

Q. Well now, your surplus in 1934 was $1,159,000, and in 1930, it was $2,229,000. The Surplus Account had dropped about $300,000, but your Reserve Account had been built up? A. We built up our Depreciation reserve.

Q. So that with that record you say that the position of the Company could not stand restoring the wage rates to the basis that had prevailed before you got these high tariffs? A. I don't think it would be wise. I think the interests of the workers would be preserved by keeping on with the Company with which they work, through consideration of the financial position, and if the wages paid are in line with the wages paid in other organizations doing like business I think that that is fair treatment. Continuity of service is just as valuable to a worker as is high wages. For instance, when we reduced our dividends on the common stock we could not at the same time cut the wages of our people. The thing to do is to build up a reserve in order to keep, as far as you can, continuity of wages, which was done in our case excepting for that one year,

when 10 per cent. was taken off, which was later restored at the first opportunity by 5 per cent.

Q. Then the workers never got any increase in wages after the high tariffs came in, but they did get a decrease which was never returned to them in full? A. Well, of course, the depression was on, as I say. The cost of living went down, and the wages, while they were not increased were not cut other than that one year when the position of the company did not warrant it, and, as I say, the cut has been restored by 5 per cent. The Profit and Loss Account had not been growing in recent years.

Q. No. It might blow up and burst if it had kept on? A. For instance, in 1930 the credit to the profit and loss account was $2,229,000. The surplus at the end of March 31st, 1936, was down to $1,979,000. The surplus has been decreasing. It is true that the depreciation reserve has been decreasing because that is absolutely necessary. You never can tell. A plant is only valuable, as I said, when it can operate, and if we should have to close down the St. Croix mill, well, you have $4,000,000 invested there, and that is nothing but scrap. You have to have something for depreciation to take care of that.

Q. Depreciation, - after all, an investment of $4,000,000, with about 550 employees that you employ. On that basis, you can never make money at the

when 10 per cent. was taken off, which was 10 per cent restored at the first opportunity by 5 per cent.

Then the workers never got any increase in wages after the high tariffs came in, but they did get a decrease which was never returned to them in full? A. Well, of course, the depression was on, as I say. The cost of living went down, and the wages, while they were not increased were not cut other than that one year when the position of the company did not warrant it, and, as I say, the cut has been restored by 5 per cent. The profit and loss account has not been growing in recent years.

Q. It did let up one month if it had kept on? A. For instance, in 1920 the credit to the profit and loss account was $2,129,000. The surplus at the end of March 31st, 1926, was down to $1,275,000. The surplus has been decreasing. It is true that the depreciation reserve has been increasing [illegible]. You never can tell. A plant is only valuable, as I said, when it can operate, and if we should have to close down the mill, well, you have [illegible] scrap. You have to have something for depreciation to take care of that.

- Depreciation, - after all, an investment of [illegible], with about 500 employees that you employ, in that weight, you [illegible]

St. Croix Mill on any kind of a reasonable basis? A. I don't think we can at $4,000,000, but we are willing to operate on the various lines prior to the Japanese competition and the change in the budget. We are willing to take our chance in running a large organization. The thing to do, however, is to look at the thing as a whole and try to keep your industry operating.

Q. But do you think it would be at all economic for this Dominion to put into force trade requirements that would guarantee you a profit on a $4,000,000 investment when you are only employing 550 male hands? A. I am not asking that. All I am asking is that the Government shall compare costs with our competitors, particularly covering wages and any other disparity that there may be, and that should be the protection guaranteed and not on the basis of trying to pay dividends on a large capitalization.

Q. But you have $4,000,000 down there, you say, invested? A. Yes.

Q. Now, the costs for that mill would be costed on the basis of that investment, will they not? A. We would like to cost them on that basis.

Q. But that is what you do, is it not? A. No, competition won't permit us.

Q. Well, these costs that were filed, were they not costed on the basis of $4,000,000? A. They were costed, - we are not getting the cost.

Q. Would it be any kind of a reasonable demand?

A. I don't think we can do $4,000,000, but we are willing to operate on the various lines prior to the Japanese competition and the change in the budget. We are willing to take our chance in running a large organization. The thing to do, however, is to look at the thing as a whole and try to keep your investment down.

Q. But do you think it would be at all economic for this Dominion to put into force trade requirements that would guarantee you a profit on a $4,000,000 investment when you are only employing 500 male hands? A. I am not asking that. All I am asking is that the government shall compare costs with our competitors, particularly covering wages and any other disparity that there may be, and that should be the protection guaranteed and not on the basis of trying to pay dividends on a large capitalization.

Q. But you have $4,000,000 down there, you may investment? A. Yes.

Q. Now, the costs for that mill would be costed on the basis of that investment, will they not?

A. We would like to do that if we could.

Q. But that is what you do, is it not? A. No, competition won't permit us.

Q. Well, these small lines are fine, more than any equal to the scale of $4,000,000? A. They are [illegible], - we are not getting rich over.

Q. You are not getting the cost? A. No.

Q. Then you are putting in before this Commission a set of costs that are not the costs? A. They are not the costs.

Q. They are not the costs you have been getting? A. That is an entirely different thing, Mr. McRuer. A thing may cost me $10.00, but I may have to sell it for $9.

Q. What is the idea of your coming to compare your costs at the Milltown mill with the Japanese costs if you are putting up a set of figures to us that are not figures that you have been working on? A. They were figures that we are working on, figures that we try to get and we are not getting.

Q. But which you have been getting over a period of years? A. That is right.

Q. Will you please do this for me, Mr. Dawson: Give me details of these costs and give me the selling prices of these articles over a period of years. What is the use your giving us costs on something that you don't use in your own business? A. We do, Mr. McRuer. That is what our costs are, but that is not what we get.

Q. Then have you been carrying on this Milltown business at a loss all the time on the rayon goods? A. The records show that, but the Company is not complaining. The reason is quite apparent. We are changing over from cottons to rayons; it is a new

Q. Then you are putting in before this Commission

A. They are not the costs you have been getting?

A. That is an entirely different thing, Mr. Monner.

Q. What is the idea of your coming to acquire your costs at the Millbrook mill with the Japanese costs if you are putting up a set of figures to us that

A. They are figures that we are working on, figures that we try to get and we are not getting.

Q. But which you have been getting over a period of years?

Give me details of these costs and give us the selling prices of these articles over a period of years.

What is the use your giving us costs on something that you don't use in your own business? A. We do, Mr. Monner. That is what our costs are, but that is not what we get.

Q. Then are you doing business at a loss all the time on the rayon goods?

A. The rayon goods are, we are dumping in most instances. We have to meet competition. We are

business that we have to learn. Our people have to be trained to it.

Q. You hwe told us that before, that these costs that you have put in here are not your record costs that you work on for the purpose of demanding a selling price, that is, cost plus a fair margin of profit? A. These are the proper costs that we ought to get.

Q. Oh, what you ought to get? A. That is the only way you can figure it, Mr. McRuer.

Q. I want to know what your cost of production is? A. That is the cost of production.

Q. But these costs are based on a $4,000,000 investment, and you could not hope to get prices that would make it profitable to do business there on a $4,000,000 investment. You are employing 600 men in a $4,000,000 plant. How are you ever going to put their manufactured goods in there in competition with people like the Associated, for instance, with a $750,000 plant and running up as high as a thousand men, - $800,000 investment, and employing as many as a thousand men at a time - how can you hope to compete? A. We have been taking care of that by our depreciation reserve. $4,000,000 is what the plant cost us, and we would like to earn on that basis if we could, but we cannot.

Q. You told the Government you had an investment down there of $4,000,000? A. That is the amount

business that we have to learn.

to be trained to it.

Q. You have told us that before, that there

costs that you work on for the purpose of demanding a selling price, that is, cost plus a fair margin of profit? A. These are the proper costs that we ought to get.

Q. Or, what you ought to get? A. That is the only fair way to do it, Mr. Commissioner.

Q. I want to know what your cost of production is? A. That is the cost of production.

Q. But these costs are based on a $6,000,000 investment, and you could not hope to get prices that would make it profitable to do business there on a $4,000,000 investment. You are employing 600 men in a $4,000,000 plant. How are you ever going to put their manufactured goods in there in competition with people like the associated, for instance, with a $700,000 plant and running up as high as a thousand men, - $800,000 investment, and employing as many as a thousand men at a time - how can you hope to compete? A. We have been taking care of that for the [illegible]. $4,000,000 is what the [illegible] would like to make it, but we cannot.

Q. You told the Government you had an investment when there of $4,000,000? Q. What is the amount

of money that was spent on the plant.

BY THE COMMISSIONER: Q. Your investment is no longer $4,000,000? A. Well, that was the money, my lord, that was put into the business. That is the only way you can figure it.

Q. What is your present valuation? A. I don't know what the depreciation is. We don't kepp the depreciation separate for each mill. It is kept in our account as a whole.

BY MR. McRUER: Q. How can you keep a depreciation account if it is kept separate for each mill?

A. If you will allow me, Mr. McRuer with regard to the profits I showed for the nine years, - we show you there what we ought to get, my lord. That is from 1926, I think the record is up to.

MR. KELLOCK: Exhibit 460.

THE WITNESS: It is the record of the years. That showed the depreciation on the basis of the total investment -

Q. Well, your annual statement -- A. For this particular mill, the depreciation, you see, is on the basis of the total depreciation that was deducted in these years. In 1936 it was $202,000. Now, my lord, it might be quite necessary to have no competition to sell your goods, or rather, new competition to sell your goods so that your depreciation would not be earned, which it was not.

BY MR. McRUER: Q. Well, I want to get at this

of money that was spent on the plant.

MR. THE COMMISSIONER: Q. Your investment is no longer $4,000,000? A. Well, that was the money, my lord, that was put into the business. That is the only you had (?)Q.

[illegible] know what the depreciation is. We don't keep the depreciation separate for each mill. It is kept in our account as a whole.

MR. MOSKOVITZ: Q. How can you keep a depreciation account if it is kept separate for each mill?

A. If you will allow me, Mr. Kohner with regard to the profits I showed for the nine years, - we show you there what we ought to get, my lord. That is from 1920, I think the record is up to.

MR. FERGUSON: Exhibit 466.

THE COMMISSIONER: It is the record of the years. That showed the depreciation on the basis of the total investment -

[illegible] particular mill, the depreciation, you see, is on the basis of the total depreciation that was deducted in these years. In 1920 it was $400,000. Now, my lord, it [illegible] to sell your goods, or rather, new competition to a [illegible] your goods so that your depreciation would not be [illegible], [illegible] it was [illegible].

MR. [illegible]: Well, I want to [illegible]

Mr. Dawson, because I have got all sorts of things from you. You put before us and filed a certain exhibit which shows costs, but that is on the basis of a $4,000,000 investment, we are told.

BY THE COMMISSIONER: A $4,000,000 investment, made when?

THE WITNESS: I did not state that, Mr. McRuer.

THE COMMISSIONER: How many years ago, Mr. McRuer, or about how many years ago?

MR. McRUER: I don't know, my lord.

THE COMMISSIONER: It is a very old investment, my lord, away back. That statement I made of the history of the mill.

MR. McRUER: It has probably been written off about half a dozen times.

THE WITNESS: It ought to have been, but I am afraid it has not been.

BY THE COMMISSIONER: Q. You have been allowing depreciation for it each year? A. We have been allowing depreciation on our total plant and equipment, my lord.

BY MR. McRUER: I know, but this mill comes in for its share of it. A. Yes, it does, but it happens it has depreciated during those years, and it did not earn depreciation, in those years, or during those years.

Q. Whether it earned it or not, you show there depreciation to the extent of $222,000 last year.

Mr. Dawson, because I have got all sorts of things from Mr. [illegible] and Ville [illegible] sunlit which shows some, but that is on the basis of a $4,000,000 investment, we are told.

BY THE COMMISSIONER: A $4,000,000 investment, make sense?

THE WITNESS: I did not state that, Mr. Commissioner, that [illegible] the same [illegible], or some not many years ago?

MR. MORDEN: I don't know, my lord.

THE COMMISSIONER: It is a very old investment, my lord, many back. That statement I made of the [illegible] Mill.

MR. MORDEN: It has probably been written off about half a dozen times.

THE WITNESS: It has been [illegible], but I am afraid it has not been.

BY THE COMMISSIONER: Q. You have been allowing depreciation for it each year? A. We have been allowing depreciation on our total plant and equipment, my lord.

BY MR. MORDEN: I know, but this mill comes in for its share of it. Yes, it does, but it [illegible] It has [illegible] Plant, and it has had [illegible] depreciation, [illegible] during those years.

Q. Plant it [illegible] not, you have been [illegible] in the [illegible] at [illegible] year.

A. That is what it should have earned in proportion to its investment.

BY THE COMMISSIONER: Q. Supposing you were placing its present valuation, you would take your cost at the time you erected it with an annual depreciation ever since and what it would cost to replace it to-day? A. My lord, we would have been quite satisfied --

Q. Do you mean to say you can put up a structure now, and because it cost $4,000,000, to have interest on $4,000,000 after that? A. Of course, you could put up a more modern plant than that now, because we have a lot of machinery not operating, and it has been replaced by newer machinery specially put in to make these rayons, you see, and a lot of cotton machinery is lying idle there, that was originally put in to make cottons, and in speaking of $4,000,000, well, someone has put into that plant that amount in the course of the years.

Q. Yes, but it has been used all those years? A. Yes, precisely.

BY MR. McRUER: Q. Just let us go back to your balance sheet for 1936. Your total mill properties are in the balance sheet at $16,883,000? A. Yes.

Q. Less depreciation $7,130,000, so that the total mill properties are $9,752,000. And, as against that, there is a reserve for obsolescence of $4,950,000. A. Is that 1936?

Q. What is about it should also be added in proportion to its investment.

BY THE COMMISSIONER: Q. Supposing you were placing its present valuation, you would take your cost at the time you erected it with an annual depreciation ever since and what it would cost to replace it to-day? A. My Lord, we would have been quite satisfied --

Q. Do you mean to say you can put up a structure now, and because it cost $4,000,000, to have interest on $4,000,000 after that? A. Of course, you could put up a more modern plant than that now, because we have a lot of machinery not operating, and it has been replaced by newer machinery specially put in to make these varns, you see, and a lot of cotton machinery is lying idle there, that was originally put in to make cottons, and in speaking of $4,000,000, well, someone has put into that plant that amount in the course of the years.

A. Yes, but it has been used all those years?

A. Yes, precisely.

BY MR. MONTGOMERY: Q. Just let us go back to your balance sheet for 1936. Your total mill properties are in the balance sheet at $13,805,000? A. Yes.

Q. Less depreciation $7,180,000, so that the total mill properties are $5,758,000. And, as a against that, there is a reserve for obsolescence of $4,500,000.

A. In that large

Q. Yes, and replacements $600,000 or reserves of $5,500,000? A. That is not the one I am looking at.

THE COMMISSIONER: The Obsolescence reserve, Mr. McRuer, is what covers it.

MR. McRUER: But there is a depreciation as well.

THE WITNESS: They are building those.

THE COMMISSIONER: They are amply provided for.

BY MR. McRUER: Q. So that the whole of your mills all over the country appear to be running down. There is in the statement now a net of $4,200,000, and you have got mills at Milltown, Marysville, Four at Cornwall-- A. Three at Cornwall, one in Marysville, New Brunswick, and one at Hamilton.

Q. Yes. I t seems to me putting forward to the Government this $4,000,000 investment at Milltown is making rather an extragagant statement?

A. No, the statement was absolutely true. There has been $4,000,000 put into that plant.

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Q. Yes, and minimum is $800,000 on reserves of $1,000,000. A. That is not the one I am looking at.

THE COMMISSIONER: The obsolescence reserve, Mr. Hogner, is what covers it.

MR. HOGNER: But there is a depreciation as well.

THE WITNESS: They are building those.

THE COMMISSIONER: They are well provided for.

BY MR. HOGNER: Q. So that the whole of your mills all over the country appear to be running down. There is in the statement now a net of $4,300,000, and you have got mills at Milltown, Marysville, Four at Cornwall -- A. Three at Cornwall, one in Marysville, New Brunswick, and one at Hamilton. Q. Yes. It seems to me putting forward to the Commissioners $1,000,000 improvement at Milltown is making rather an extraordinary statement? A. No, the statement was absolutely true. There has been $4,000,000 put into that plant.

THE COMMISSIONER: That is right, that you do not figure?

THE WITNESS: I am only making a statement of fact.

THE COMMISSIONER: It becomes obsolescent and you provide for this obsolescence annually and apparently for its depreciation, whatever that may be. All that is taken out of your operations from year to year? A. Yes.

Q. You cannot go on forever claiming $4,000,000 we have to look after? A. No, but I--

MR. McRUER: Q. The consuming public have paid for that mill by paying the price of the goods that have provided you with funds to write it off? A. Have not been paying very heavily.

Q. Well, whether they paid heavily or not? A. I can show you here what the profits were, on the actual mill profits, over from 1927 to 1936. That is all turned over in sales, which is a very small proportion--

Q. We will deal with all that but I am getting down to the general basis of what you expect the public to pay in the future and what tariff protection you expect to get and you apparently expect a tariff protection that will enable you to pay on the basis of the original investment - you say that is the price you ought to get? A. I did not say that. I said that money was put into

THE COMMISSIONER: That is right, that you do not figure?

THE WITNESS: I am only making a statement of fact.

MR. [illegible]: It becomes obsolescent and you provide for this obsolescence annually and apparently for its depreciation, whatever that may be. All that is taken out of your operations from year to year.

A. Yes.

Q. You cannot do in twenty claiming $4,000,000 we have to look after?

A. No, but

MR. ADAMS: Q. The surrounding public have paid for that oil by paying the price of the motor that have provided you with funds to write it off.

A. Have not been paying very heavily.

Q. Well, wherever they paid heavily or not?

A. I can show you here that the profits were, on the actual oil product, over from 1927 to 1932. That is all turned over in price, which is a very [illegible]

Q. We will deal with all that but I am getting down to the general basis of what you expect the public to pay in the [illegible] profit-tion you cannot to get and, on a reasonably ex-out a fair protection with a [illegible] you to pay on the basis of the original investment - you say that is the price you want to get?

A. I do not say that. I said that money was put into

that plant at some time - now, I would be perfectly satisfied with this St. Croix mill if we could earn, if we could have a small profit, if they could take care of their wages and general costs of running the mill, take care of their share of the overhead which is bond interest, income tax, etc., I would not ask that mill - we made no complaints up to the present time. We did not ask that this mill shall earn millions of dollars. We are quite willing to operate it if we can break even on it, carry its share of the overhead.

Q. You come and submit it based on that mill making a profit on $4,000,000 invested? A. No, excuse me.

THE COMMISSIONER: Now, that is very important. Do you include in your cost of production of an article an investment of $4,000,000? A. It is cost on the basis of $2,000,000 depreciation that we should get out of that mill, which we don't.

MR. McRUER: Q. There is more than that. You asked for a depreciation on the mill of $200,000, how is that arrived at?- $2,000,000 invested, 10% on $2,000,000? A. It is on the total depreciation.

THE COMMISSIONER: We have seen in some cases interest on investment. Have you such an item included in your costs of production, interest on investment? A. Interest on investments we deduct; we allow each mill to keep its share of

that plant at some time - now, I would be perfectly satisfied with this M. Orris mill if we could earn, if we could make a small profit, if they could take care of their wages and general costs of running the mill, take care of their share of the overhead which is bond interest, income tax, etc., I could not ask that mill - we made no complaints up to the present time. We did not ask that this mill small earn millions of dollars. We are quite willing to operate it if we can break even on it, carry its share of the overhead.

Q. You come and ask it based on that mill making a profit on $4,000,000 invested. A. No, excuse me.

The COMMISSIONER: Now, that is very important. Do you include in your cost of production of an actual an investment of $4,000,000? A. It is cost on two basis of $2,000,000 is problem that we should get out of that mill, which we don't.

Mr. [illegible]: Q. There is more than that. You asked for a depreciation on the mill of $400,000, now is that arrived at?- $2,000,000 invested, 10% on $4,000,000? A. It is on the total depreciation.

[illegible]: We have seen in the cases interest [illegible] interest. Have you a [illegible] included in your costs of production, interest on investment? A. Interest on investment a we deduct: we allow each mill to keep its share of

that revenue in making up--

Q. That is not what I mean. When yo are making up your cost of production you set up a variety of things. One I see and I do notsee any ot ers - interest on investment. You want so much interest on investments - is that calculating interest on investments? A. No, in making up our costs we include the overhead at the head office and the depreciation, the interest on bonds six per cent on the preferred and four percent on the common. That we call our cost. If we could get all that the goods would stand we would include all these things in it.

MR. McRULR: Q. But you get more than that. You got more than that last year? A. No, I don't see it.

Q. You had a balance to transfer to surplus account. Going back over your records for a period of years you have got your depreciation, you have got six percent on preferred stock, four per cent on common stock and you have built up a reserve for obsolescence of $4,500,000. You have built up a profit and loss surplus of $4,500,000. You have been costing on a higher basis than that? A. And our surplus has gone down.

Q. You have been costing for a period of years - if we go over a period of ten or fifteen years, you have been costing on a very much higher basis than you suggest because you have done more than these things?

that revenue in making up--

Q. That is not what I mean. When you are making up your cost of production you set up a variety of charge. One - second I do notice any of ers - interest on investment. You want so much interest on investments - is that calculating interest on investments. A. No, in making up our costs we include the overhead at the head off ce and the depreciation, the interest on some six per cent on the preferred and four percent on the common. That is all our cost. If we could get all that the courts would stand we would include all these things in it.

Mr. Mathers: Q. But you get more than that.

You get more than that last year? A. No, I don't see it.

Q. You had a balance to transfer to surplus account. Going back over your records for a period of years you have got your depreciation, you have got six percent on preferred stock, four per cent on common stock and you have built up a reserve for obsolescence of $4,500,000. You have built up a profit and loss surplus of $4,500,000. You have been costing on a higher basis than that? A. And our surplus has kept down.

Q. You have been costing for a period of years - if we go over a period of ten or fifteen years, you have been costing on a very much higher basis than you suggest because you have done more than break this

A. The figures don't show it.

Q. Yes, they do? A. They show our profit surplus has decreased. For instance--

Q. Where did your profit surplus come from?

A. Our surplus has gone down to $1,979,000.

Q. I shall go back over a period, we will say, to 1929 and we will give you the benefit of low tariffs and high and see what the result has been. Take even in the years from 1930, your depreciation has jumped from $2,800,000 to $4,860,000 in 1934?

A. That is based on the Government records, the Government's allowances, we have not taken any more than the Government allowed us.

Q. And then at some stage or another you built up $2,229,000 in surplus to profit and loss account?

A. That is over how many years? That is thirty years.

Q. So that you have been costing higher than the basis on which you have given us? A. I don't figure that out.

Q. Well now, listen, on what basis do you apportion the 4% dividend on the common stock and 6% on the preferred - on what basis do you apportion th than to the St. Croix mill? A. Well, I am afraid I will have to get figures for you in that because these figures are not made by myself but, generally, they are supposed to take care of this depreciation and we allow for what we have got half interest on investments and charge them with their share of the overhead.

A. The Hansard don't show it.

Q. Yes, they do!

our profit surplus has decreased. For instance--

Q. Where did your profit surplus come from?

A. Our surplus has gone down to $1,979,000.

Q. I shall go back over a period, we will say, to 1930 and we will give you the benefit of low [illegible]. Take even in the years from 1930, you do realization has jumped from $2,800,000 to $4,800,000? In light [illegible] Government's allowances, we have not taken any more than the government allows us.

Q. And then at some stage or another you build up $4,429,000 in surplus to pro it and I see you?

A. That is over a long period. That is thirty years.

Q. So that you have been earning higher than the basis on which you have given me?

A. I don't figure that out.

Q. Well now, listen, on what basis do you apportion the 4% dividend on the common stock and 4% on the preferred - on what basis do you apportion it [illegible] Irwin Alley?

A. Well, I am afraid I will have to get figures for you on that [illegible] as these figures are not made up well but, generally, they are supposed to take care of this depreciation and we allow for what we have got back [illegible] on investments and charge them with their share of the dividend.

Q. What other companies have done when they have come in with their costs with complaints about these Japanese goods, they have given us their detailed costs, not just a statement? A. We can give you that, will be glad to do it.

Q. I would like to have attached to these exhibits your detailed costs on each item.

THE COMMISSIONER: Now, before we adjourn I would like to have some idea what is going on tomorrow. About how long would you continue with Mr. Dawson?

MR. McRUER: I have quite a bit to cover with Mr. Dawson. Unfortunately he has been a man given to writing letters and putting himself on record as to what ought to be done at different times and I would like to take up with him whether he still abides by some of the statements that he has made.

THE COMMISSIONER: Have you any more witnesses Mr. Kellock?

MR. KELLOCK: I think not at this stage. I was going to ask your Lordship as to the calling of Mr. Fisher. Your Lordship hasdetermined that will be postponed until Toronto.

THE COMMISSIONER: Might hear him in Toronto. I don't know when that will be.

MR. McRUER: Mr. Fairchild has been invited to come down. He has been mentioned several times. He is from Montreal. He is supposed to be Mitsui's

Q. What other companies have done when they have come in with their costs with complaints about these Japanese goods, they have given us their detailed costs, not just a statement? A. We can give you that, will be glad to do it.

Q. I would like to have attached to these exhibits your detailed costs on each item.

THE COMMISSIONER: Now, before we adjourn I would like to have some idea what is going on tomorrow. Shall we have two witnesses and Mr. Dawson?

MR. MCTAGGART: I have quite a bit to cover with Mr. Dawson. Unfortunately he has been a man given to writing letters and putting himself on record as to what ought to be done at different times and I would like to take up with him whether he still abides by some of the statements that he has made.

THE COMMISSIONER: Have you any more witnesses Mr. McTaggart?

MR. MCTAGGART: I think not at this stage. I was going to ask your Lordship as to the calling of Mr. Fisher. Your Lordship had determined that will be postponed until Toronto.

THE COMMISSIONER: Might that be in Toronto.

MR. MCTAGGART: Yes, I am.

MR. MCTAGGART: Mr. Kirkwhile has been invited to come down. He has been mentioned several times. He is from Montreal. He is supposed to be Kitami's

agent who has been mentioned.

THE COMMISSIONER: Can you finish with Mr. Dawson and Mr. Fairchild tomorrow?

MR. McRUER: I should think so. I had some evidence to be given by Mr. Hooper. He has prepared statements of all importations that havetaken place and then Mr. Howard and Mr. Deslaurier, the mayor of Sherbrooke - they have been both invited to come back here tomorrow.

THE COMMISSIONER: Does not look then as though you will be through tomorrow?

MR. McRUER: We could finish on Thursday.

THE COMMISSIONER: I would like to be sure of that because I have something else to attend to.

MR. McRUER: I was rather wondering if in the plans we are making for next week if we are not endeavouring to do something that was not going to be done very satisfactorily.

THE COMMISSIONER: We have only two days next week. Has anything been done towards announcing next week?

MR. McRUER: No, except our conference with Mr. Dixon, that is all.

MR. BEAUREGARD: Possibly, my Lord, we might abandon this tomorrow night for this week and we may come back Monday and Tuesday.

THE COMMISSIONER: Here? Instead of going to Cornwall.

expert who has been mentioned.

MR. COOK: I beg: Can you finish with it, Mr. Cowan and Mr. Blackwell tomorrow?

MR. ROBERTS: I should think so. I had some evidence to be given by Mr. Thorpe. He has prepared statements of all importations that have taken place and then Mr. Howard and Mr. Jellinek, the mayor of Sherbrooke - they have been both invited to come down here tomorrow.

THE COURT: Does not to a than as through you will be through tomorrow.

MR. ROBERTS: He could finish on Thursday.

THE COMMISSIONER: I would like to be sure of that because I have something else to attend to.

MR. ROBERTS: I was rather wondering if in the plans we are making for next week if we are not endeavoring to do something that was not going to be done very satisfactorily.

THE COMMISSIONER: We have only two days next week. Has anything been done towards announcing the work?

MR. [illegible]: Yes, I would be unfamiliar with Mr. Dixon, that is all.

MR. [illegible]: Possibly, Mr. Lord, we might adjourn this tomorrow night for this week and we may come back Monday and Tuesday.

THE COMMISSIONER: Here? Instead of going to [illegible].

MR. BEAUREGARD: That might be better. I am afraid next week you would not achieve so very much.

MR. McRUER: We have to visit that mill in Cornwall in detail when we go there because it is a new process we have not touched.

THE COMMISSIONER: In that case you think it would be more practicable to sit here until tomorrow night and then adjourn until next Monday morning here?

MR. McRUER: Yes, and complete this on Monday.

THE COMMISSIONER: I think that is perhaps the more feasible, what about this man in Toronto, Mr. Fisher?

MR. McRUER: Oh, we could notify him to come here.

THE COMMISSIONER: You could include him as well as the Sherbrooke people?

MR. McRUER: Yes. We will have the people here tomorrow.

THE WITNESS: May I suggest when you are at Cornwall we would appreciate if you would take a look at our cotton mills.

THE COMMISSIONER: If we do not go next Monday we wont go for several weeks.

MR. KELLOCL I rather think Mr. Fisher will be a rather lengthy witness and Mr. Fairchild.

Mr. BEAUDOUIN: That might be better. I am afraid next week you would not achieve so very much.

Mr. MOUNT: We have to visit that mill in Cornwall in detail when we go there because it is a new process we have not touched.

THE COMMISSIONER: In that case you think it would be more practicable to sit here until tomorrow night and then adjourn until next Monday morning here?

Mr. MOUNT: Yes, and complete this on Monday.

THE COMMISSIONER: I think that is perhaps the more feasible. What about this man in Toronto, Mr. Vipond?

Mr. MOUNT: Oh, we could notify him to come here.

THE COMMISSIONER: You could include him as well as the Sherbrooke people?

Mr. MOUNT: Yes. We will have the people here tomorrow.

THE WITNESS: May I suggest when you are at Cornwall we would appreciate if you would take a look at our cotton mills.

THE COMMISSIONER: If we do not go next Monday we won't go for several weeks.

Mr. MOUNT: I rather think Mr. Vipond will be a rather lengthy witness and Mr. Faircloth.

Mr. Fairchild will likely be lengthy.

THE COMMISSIONER: We will sit here tomorrow and come back here next Monday morning.

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-- The Commisson adjourned at 5.45 P.M., Tuesday, 16th June, 1936, to resume on Wednesday, 17th June, 1936, at 10 A.M.

Mr. McCARTHY (K.C.) Asks to Insert:

The Honour. I will, if it is not too lengthy, read -- (not very much longer).

-- The Commission adjourned at 5.45 p.m., Thursday, 16th June, 1926, to resume on Wednesday, 17th June, 1926, at 10 a.m.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

F I F T Y - S E C O N D D A Y

(June 17th, 1936)

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

Hon. Mr. Justice W.F.A. Turgeon,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee of Primary Textile Industries.
C.G. Heward, K.C. and Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cottons Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

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[Page]

EQUAL WAGES LAW IN THE TEXTILE INDUSTRY

Hon. Mr. Justice W.F.A. Turgeon,

Presiding.

C.S. Gilmour, Esquire,

A p p e a r a n c e s:

J.C. Aimer, K.C. and S. Rosenberg, K.C.	Commission Counsel
J.T. Lemoyne, K.C. and M.L. Hallock, K.C.	For Special Committee of Plenary Textile Industries.
C.S. Howard, K.C. and Alex Moffatt, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cotton Company Limited.
S.G. Dixon, K.C.	For Courtaulds Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Producers Limited.

Montreal, Que.
June 17th, 1936

-- The Commission resumed at 10 A.M.

MR. BEAUREGARD: My lord, I am in receipt of a telegram from Mr. Fred H. Bradley. Mr. Bradley was the Mayor of Sherbrooke at the time of the closing of the Mill. The present Mayor knows nothing about it. I got in touch with the Mayor yesterday, and I was informed that I had to write Mr. Bradley, and I am just in receipt of a telegram from Mr. Bradley which reads as follows:

"Your wire just received. Cannot get there on time. Mr. Deslauriers has all information."

Mr. Deslauriers is the Greffier of the Town, and he is supposed to be here any minute, my lord.

As for Mr. Howard, the Member for Sherbrooke, who has been mentioned in this case, I got in touch with him by wire. Mr. Howard wired back that he could not be here for 10 o'clock. I then asked him to be here, if at all possible, at 2 o'clock this afternoon.

I will wire back to Mr. Bradley and see if it is possible to get him here for the sitting on Monday next, if the Commission is going to adjourn tonight.

THE COMMISSIONER: Make Mr. Bradley understand that we want to hear him.

MR. BEAUREGARD: Yes, my lord. I will wire him

The Commission resumed at 10 A.M.

MR. BRADFORD: My Lord, I am in receipt of a telegram from Mr. Fred L. Bradley. Mr. Bradley was the mayor of Sherbrooke at the time of the close of the Fair. The present mayor knows nothing about it. I got in touch with the mayor yesterday, and I was informed that I had to write Mr. Bradley, and I am just in receipt of a telegram from Mr. Bradley which reads as follows:

"Your wire just received. Cannot get Beaudoin on time. Mr. Beaudoin has all information."

Mr. Beaudoin is the Sheriff of the Town, and he is supposed to be here any minute, my Lord.

As for Mr. Howard, the leader for Sherbrooke, who has been mentioned in this case, I got in touch with him by wire. Mr. Howard wired back that he could not be here for 10 o'clock. I then asked him to be here, if at all possible, at 2 o'clock this afternoon.

I will write back to Mr. Bradley and see if it is possible to get him here for the sitting on Monday next, if the Commission is going to adjourn tonight.

MR. COMMISSIONER: Mr. Bradley understand that we must be done.

MR. BRADFORD: Yes, my Lord. I will write him

back that he will have to be here on Monday next.

THE COMMISSIONER: Very well, Mr. Beauregard. What do we go on with, Mr. McRuer?

MR. McRUER: Mr. Dawson, my lord.

A.O. DAWSON,

CROSS-EXAMINATION BY MR. McRUER (resumed):

Q. Mr. Dawson, I show you a letter dated the 22nd of November, 1927, in which you set out your views, to a certain extent, on what tariffs ought to be. Will you look at that and tell me if that is your signature on that letter? A. Yes, that is my signature, all right, Mr. McRuer.

THE COMMISSIONER: What is the date of it, Mr. McRuer?

MR. McRuer: It is a letter dated27th November, 1927, to Mr. W.H. Moore, Chairman of the Advisory Board on Tariff and Taxation.

THE COMMISSIONER: Are you putting it in?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 492.

THE EXHIBIT 492: Letter from Mr. Dawson to Mr. Moore, Chairman of Advisory Board on Tariff and Taxation, dated November 29th, 1927.

THE COMMISSIONER: November 22nd, 1927?

MR. McRUER: Yes, my lord. This contains considerable information about Canadian Cottons, and Mr. Dawson's views in regard to tariff matters. It reads as follows:

[illegible] Sam be still sure it is here in Montreal [illegible].

THE COMMISSIONER: Very well, Mr. [illegible].

What is we go on with, Mr. [illegible]?

Mr. [illegible]: Mr. [illegible], my Lord.

Lt. [illegible]:

[illegible] Mr. [illegible] ([illegible]))

Q. Mr. Dawson, I show you a letter dated the [illegible] of November, 1917, in which you set out your views, to a certain extent, on what benefits ought to be. Will you look at that and tell me if that is your signature on that letter? A. Yes, that is my signature, all right, Mr. Lehner.

THE COMMISSIONER: What is the date of it, Mr. Lehner?

MR. LEHNER: It is a letter dated 7th November, 1917, [illegible] Mr. Dawson, Minister of Military Service [illegible] Draft and Exemption.

[illegible]

MR. DAWSON: Yes, my Lord.

THE COMMISSIONER: That will be Exhibit 4[illegible].

The [illegible] letter from Mr. Dawson to Mr. [illegible], Minister of Military Service [illegible] Draft and Exemption, dated [illegible] 7th, 1917.

[illegible] Exhibit [illegible], 1917

Mr. [illegible]: Yes, my Lord. This contains considerable information about Canadian Cotton, and Mr. Dawson [illegible] there is reference to Draft matters. It reads as follows

"Canadian Cottons, Limited, which Company I am here to represent, has wished for some time for the opportunity this occasion affords to bring before the Advisory Board on Tariff and Taxation some of the problems that it has had to face to keep its plants in operation.

Before outlining these problems it might be well to give a brief history of this Company, which gives a livelihood to nearly four thousand men and women; maintaining the life of several important towns in Ontario and New Brunswick, and at the same time supplying the consuming public with a line of wearing apparel equal in quality and appearance to similar goods made in any part of the world.

Canadian Cottons, Limited, is a combination of several Companies that were unsuccessful while running as separate units, and that came together prior to 1910 in the hope that under one management, and by avoiding overlapping and duplication of styles and designs, they might be able to secure a measure of success.

Canadian Cottons, Limited, at the present time therefore owns or controls the following mills:

St. John, N.B.	- 2 Mills
Marysville, N.B.	- 1 "
Milltown, N.B.	- 1 "
Cornwall, Ont.	- 3 "
Hamilton, Ont.	- 1 "

The product of these mills is almost exclusively confined to coloured woven fabrics, such as

Dress Ginghams, Flannelettes, Denims, Shirtings, Cottonades and Tickings, and has one mill engaged in the making of cotton blankets.

Because of competition coming largely from Great Britain on fine goods, such as Dress Ginghams and Flannelettes, and for the most part from the Southern United States on heavy goods, such as Denims, Shirtings, etc., the mills have been able to secure only enough business to run at about 75% of capacity during recent years.

Naturally it will be asked why cotton goods made in foreign countries can be sold in Canada when the mills in this country are favoured with what might be considered by many as a reasonable measure of protection. The answer is not far to seek. The reason why the Canadian cotton Manufacturer needs protection is the identical reason revealed in the correspondence exchanged between France and the United States in the recent controversy between these countries in regard to tariff matters. Let me quote from the Washington letter to Paris as follows:

"It is the understanding of the American Government that the principles on which the French Government fixes its Tariff are those expressed in 1891 by Monsieur Meline in his report on March 3rd, to the Chamber of Deputies. Monsieur Meline said at that time:

these displeasure, Flannelettes, Denims, Kilt-lings, Cottonades and Tickings, and has one mill engaged in the making of cotton blankets.

Because of competition coming largely from Great Britain on fine goods, such as Dress Ginghams and Flannelettes, and for the most part from the southern United States on heavy goods, such as Denims, Tickings, etc., the mills have been able to secure only enough business to run at about 75% of capacity during recent years.

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"It is the understanding of the American Government that the privileges on which the French representations lies Tariff are those expressed in [illegible] to the Chamber of Deputies. Moreover Mailine said at that time:

"'The producer demands, as is his right, that account be taken of the heavy costs which burden his labour and of the disadvantages to which he should not be subjected. In the formation of a customs Tariff, he asks that the legislature measure exactly the differential which separates him from his foreign competitor, and that the tariff rate inscribed in the Act be the representation of this differential.'"

"'Your commission believed this demand proper, and it is upon this basis that it has tried to perform the difficult work which you have entrusted to it. It has searched for the exact rate which seemed indispensable for each branch of industry and agriculture to assure its existence and free development. It has considered that to give to the tariff a real value and to give courage and confidence to French production, it is important, above all, to fix the minimum rate which will be assured to them and below which in future there will be no concessions. It is upon this fundamental principle that our minimum tariff policy is based; it is this that determines its real character,'"

"This theory was re-stated in 1906 by Monsieur Morel, who said:

"'We have been entirely guided by the fundamental rules laid down by the founders of the Customs regime of 1892.....'"

"The producer demands, as is his right, that account be taken of the heavy costs which burden his labour and of the disadvantages to which he [illegible] may be subjected. In the [illegible] of a tariff, we [illegible] the independence [illegible] the differential which separates him from his foreign competitor, and that the tariff rate inserted in the Act be the representation of this differential.

"Your commission believed this demand proper and it is upon this basis that it has tried to perform the difficult work which you have entrusted to it. It has searched for the exact rate which seemed indispensable for each branch of industry and agriculture to ensure its existence and free development. It has considered that to give to the tariff a real value and to give confidence and confidence to French production, it is important, above all, to fix the minimum rate which will be granted to them and below which in future there will be no concessions. It is upon this fundamental principle that our minimum tariff is based; it is this that determines its real [illegible]."

[illegible] was made by the [illegible] Herel, who said:

"We have been entirely guided by the fundamental rules laid down by the Ministers of [illegible]....."

"'Your commission has tried to measure exactly the differences which exist between the French producer and his foreign competitor by reason of the costs which burden his work and the disadvantages which exist through no fault of his, and it has placed in the minimum tariff the figure representing this difference.'"

"It is precisely on this theory of protection that the rates of the duty of the American Tariff Law rest, and it is believed that a tariff designed for the protection of producers and the raising of revenue is not open to objection by other Governments when it is applied equally to all."

On this basis all that Canadian Cottons, Limited can justly ask is that sufficient protection be granted the industry to provide for the differential which separates it from its foreign competitor.

We recently made a study of what these differentials really are, and the results are as follows:

Memorandum showing cost of producing cotton goods in Canada as compared with the Southern United States, and amount of tariff protection required in consequence.

The following figures are based on net sales

"Your commission has tried to measure exactly the differences which exist between the French producer and his foreign competitor by reason of the costs which burden his work and the disadvantages which exist through no fault of his, and it has placed in the minimum tariff the [illegible]."

"It is precisely on this theory of protection that the rates of the duty of the American Tariff law rest, and it is believed that a tariff designed for the protection of producers and the raising of revenue is not open to objection by other Governments when it is applied equally to all."

On this basis all that Canadian Cotton Limited can justly ask is that sufficient protection be granted the industry to provide for the differential which separates it from its foreign competitors.

We recently made a study of what these differentials really are, and the results are as follows:

Memorandum showing cost of producing cotton goods in Canada as compared with the Southern United States, and amount of tariff protection required in Canada.

---

value of production for 12 months ending March 1927, amounting to $3,174,8 71, which is taken as representing 132½% of the value in the United States, making the U.S.A. value, say, $6,169,713."

And then we have "Canada" in one column and "Southern States" in another, and then the column headed:

"Annual charge estimated as being equivalent to percentages as under of the U.S. value of our production."

That is the percentage by which they can produce in the United States under the cost of production in Canada.

The first item is, under Canada:

1. Buildings must be of much more substantial construction to withstand extreme variations in climate and heavy snow loads and also require heating equipment. Additional cost on account of above estimated by Messrs. Lockwood, Greene & Company of Boston - the largest firm of textile mill architects and Engineers in America."

That is under the Canadian item. Then under Souther States:

"Lighter construction and no heating equipment."

And the amount of percentage allowance for that is 3.67 per cent.

Then the second item:

"2. Duty has been paid on all machinery- original

value of production for 12 months ending March 1937, amounting to $2,174,8 71, which is taken as representing 12½% of the value in the United States, making the U.S. value, say, $4,348,742.

And then we have "Canada" in one column and "Southern States" in another, and then the column headed:

"Annual energy estimated as being equivalent to percentage as under of the U.S. value of our production."

That is the percentage by which they can produce in the United States under the cost of production in Canada.

The first item is, under Canada:

1. Buildings must be of much more substantial construction to withstand extreme variations in climate and heavy snow loads and also require heating equipment. Additional cost on account of above estimated by Messrs. Lockwood, Greene & Company of Boston - the largest firm of textile mill architects and Engineers in America."

That is under the Canadian item. Then under Southern States:

"Lighter construction and no heating equipment."

And the amount of percentage allowance for that is 3.87 per cent.

Then the second item:

"2. Only between full and minimum-winter

equipment under old tariff paid 25%"

THE COMMISSIONER: Will you say that again, please?

MR. McRUER: This is for Canada, my lord.

"2. Duty has been paid on all machinery - original equipment under old Tariff paid 25% - present Tariff 10%. Much equipment added during war years when war tax of 7½% was imposed, and much has paid Import Sales Tax now 4% (Taken at 10% on todays depreciated values.)"

In the Southern States, it is said they pay none of these charges.

Q. Of course, you don't know, Mr. Dawson, but what they may have other charges in the Southern States; you have got a war tax of 7½% imposed here; there may have been other taxes in the United States? A. As far as we know that was the difference.

Q. I see. At any rate, the allowance asked for that is 3.07 %.

THE COMMISSIONER: The same as for the other, Mr. McRuer?

MR. McRUER: The difference in the buildings was 3.67 per cent. my lord.

THE COMMISSIONER: Yes, and this is 3.76.

MR. McRUER: 3.07% , my lord. 3.67 per cent. was the first, and this is 3.07%.

Then the next item:

3. Directly paid Duty and Import Sales Tax on Supplies, Starch, Coal, Repair and Renewal Parts, etc., to the extent of over $75,000. annually.

replacement under old Tariff and Duty - present

equipment under old Tariff and Duty - present

Duty has been paid on all machinery - original

replacement under old Tariff and Duty - present

duty 15%. Such replacement taken during the

years when our tax of 7½% was imposed, and such

has paid Import Sales Tax now do (Taken at 15% on

Company's depreciated values.)"

In the Southern States, it is said they pay more of

these charges.

Q. Of course, you don't know, Mr. Dawson, but most

they may have other charges in the Southern States;

you have got a war tax of 7½% imposed here; there may

have been other taxes in the United States? A. As

far as we know that was the difference.

Q. Yes. In any event, the difference [illegible]

that is 3.07 %.

THE COMMISSIONER: The same as for the other, Mr.

Kennedy.

Mr. McCUE: The difference in the buildings was

[illegible] by [illegible].

THE COMMISSIONER: Yes, and this is 6.7%.

Mr. McCUE: 6.07% , by [illegible]. [illegible]

[illegible] 7½%, and this is 6.07%.

Says the Sales Tax:

A. Currently paid Duty and Import Sales Tax on

equipment, machinery, tools, [illegible]

(Duties paid indirectly not estimated.)"

That is under Canada. Then Southern States:

"Pay none of these charges."

And under this item there is an allowance of 1.21%, my lord. So that for the duties that they claim to have paid in the past, they claim that they are entitled to a protection of 4.28%.

Then item No. 4:

"Much coal required for heating." That is Canada. And the Southern States, "Less required."

And the allowance is .65%.

Then item No. 5: For Canada:

5. Volume of Production materially decreased owing to variety of styles in our limited market. Very thorough and careful estimates of comparative costs on this account were compiled at one of our largest mills."

Then Southern States: Mills specialize on one or two classes of goods with consequent larger volume of production."

And the allowance asked for there is 3.61%.

Item No. 6:

Larger staff of operatives required on account of variety of product estimated as was Item No.5."

That is Canada. Then Southern States, "Not required." and the allowance on that score is 4.41%.

Item No. 7:

"Additional machinery is required on account of

(Duties paid indirectly not estimated.)"

Shall he speak Canadian. They [illegible]

[illegible] of their [illegible].

And under this item there is an allowance of 1,811, my lord. So that for the duties that they claim to have paid in the past, they claim that they are entitled to a protection of 4.88%.

Item Twenty. 19:

"Wood coal required for heating." That is Canada and the Southern States, "less required."

and the allowance is .65%.

Then item No. 3: For Canada:

"[illegible] to variety of styles in our limited market. Very thorough and careful estimates of comparative costs in this account were compiled by one of our largest mills."

Then Southern States: Mills specialize on one or two classes of goods with consequent larger volume of production."

[illegible] allowance rate for [illegible] is 2.01%.

Item No. 6:

[illegible] of variety of [illegible] estimated as item No. 3."

Shall he [illegible] Our Southern states, "[illegible] and the allowance is [illegible] 4.22%.

Item No. 17:

[illegible]

"Additional machinery is required on account of diversified nature of product, part of which must stand idle all the time, estimated as was Item #5."

That is Canada, and Southern States:

"Much machinery eliminated by specializing on one or two lines."

The allowance asked for there is 1.61%."

Then Item No. 8; Canada:

"Wages will average at least 30% higher than present rates in certain of the Southern States."

And the observation under the column "Southern States" is "Lower wages", and the allowance asked is "10.19%".

Item No. 9, Canada:

"Our Mills operating 50 hours weekly."

And Souther States:

"Southern Mills largely operate night and day shifts, 55 to 60 hours each - say 110 hours each - say 110 hours weekly - resulting in 120% additional production without additional buildings or machinery."

And 6.65% is asked for on that score.

So that the total in order to equalize the differential, as compiled here, is 35.07%.

Q. Now, since this letter was written, Mr. Dawson--

THE COMMISSIONER: 35.07%, Mr. McRuer?

MR. McRUER: 35.07% my lord.

Q. Since this letter was written, Mr. Dawson, the wages in the United States have, according to evidence that has been given here, at least run

"Additional machinery is required on account of diversified nature of product, part of which must stand idle all the time, estimated as was Item 4/3 That is Canada, and Southern States:

on one or two lines."

The allowance asked for there is 1.85%."

Then Item No. 8, Canada:

"Wages will average at least 30% higher than present rate in certain of the Southern States."

and the observation under the column "Southern States" is "Lower wages", and the allowance asked is "10.10%".

Item No. 9, Canada:

"Our Mills generally 60 hours weekly."

And Southern States:

"Southern Mills largely operate night and day shifts, 55 to 60 hours each - say 110 hours each - say 110 hours weekly - resulting in

buildings or machinery."

And 6.85% is asked for on that score.

So that the total in order to equalize the differential, as compiled here, is 30.07%.

. Now, since this letter was written, Mr. Dawson--

. Since this letter was written, Mr. Dawson, the wages in the United States have, according to

on a parity with the wages in Canada. There is some discussion about whether they are not lower in Canada than they are in the United States; but we will not argue about that, so that off your 35.07% we can now take 10.19% at one slash, so that that would be fair, would it not? A. Well, it depends, of course, what other conditions were. If you wanted to ascertain, you would have to do the same thing as I did in 1927, to see how differences were to-day as compared with 1927.

Q. Well, I am wondering what other conditions you suggest have arisen since 1927, and that have put you at a disadvantage with the United States? A. I cannot tell, Mr. McNuer, without studying it. Careful study was necessary in 1927, and if you wanted to strike a parity, or find out just what the conditions were to-day, as I say, careful study would have to be made.

Q. I am just trying to get your view, Mr. Dawson. A. Well, I still stand by what you said at the beginning, that all we are entitled to is the legitimate differences between the cost in the foreign country and the cost of producing in Canada.

Q. Then may I take it, Mr. Dawson, that if the 1930 tariffs were put into effect for the purpose of giving you the exclusive market, so that you would know what market you have got so that you would be able to get the complete volume of the Canadian market? A. Well, that would be quite an ideal condition.

on a parity with the wages in Canada. [illegible]
[illegible] across [illegible]
than they are in the United States; but we will not
argue about that, so that off your [illegible]. If we can new
take 1914, or one month, so that that would be fair,
would it not? . Well, it does not, of course,
what other conditions were. If you wanted to compare
them, you would have to do the same thing as I did
in 1917, to see how differences were to-day as compared
with 1917.

Q. Well, I am wondering what other conditions you
[illegible] [illegible] 1917, the [illegible]
at a disadvantage with the United States? A. I can
tell, Mr. Bowser, with us study has it. Careful study
was necessary in 1917, and if you wanted to strike a
parity, or find out just what the conditions were to
as I say, careful study would have to be made.

Q. I am just trying to get your view, Mr. Dawson.
A. Well, I still stand by what you said at the beginning
that all we are entitled to is the legitimate difference
between the cost in the foreign country and the cost
of producing in Canada.

Q. Then may I take it, Mr. Dawson, that if the
tariffs were put into effect for the purpose of giving
you the [illegible] market, so that you would have a
market you have got so that you would be able to
use complete volume of the Canadian market?
that would be quite an ideal condition.

Q. No, no, I am getting at the principle, - and I think that the Prime Minister, in 193 , made it perfectly clear as to the principle that was involved in the tariff that was put into effect at that time; that was, to give to the Canadian manufacturers the Canadian market, and I think I will produce letters before we are through to show that the understanding of the Canadian Manufacturer was that they would not take full advantage of the tariff. The idea was to give to Canadian manufactuers the Canadian market, that is, to the exclusion of other products, so that you could get volume of production, have the market, and thereby reduce costs to the consumer. That was the principle that was underlying the 1930 tariffs, and what I am getting at is, where is your position on that, are you for that kind of a tariff or for the kind that you have enunciated now, and that is one that will equalize costs of production and no more?

A. I confirm what I said yesterday, that if we had a tariff higher than our costs show, with a reasonable profit, then we would not take advantage of the tariff--

Q. Well, would it be possible, Mr. Dawson, for you to answer my question? A. Well, I am answering as best I can.

Q. No, no, I am getting at the principle,--

A. You want to read into my mind and ask me to say things that I am not going to say.

Q. No, no, that is a very unfair suggestion, Mr. Dawson. I am asking you to give me your view on the

. No, no, I am getting at the principle, - and I think that the Prime Minister, in 1893, made it perfectly clear as to the principle that was involved in the tariff that was put into effect at that time; that was, to give to the Canadian manufacturer the Canadian market, and I think I will produce before before we are through to show that the understanding of the Canadian manufacturer was that they would not take full advantage of the tariff. The idea was to give to Canadian manufacturers the Canadian market, that is, to the exclusion of other producers, so that you could get volume of production, have the market, and thereby reduce costs to the consumer. That was the principle that was underlying the tariff, and what I am getting at is, where is your position on that, are you for that kind of a tariff or for the kind that you have enunciated now, and that is one that will equalize costs of production and no more?

. I confirm what I said yesterday, that if we had a tariff higher than our costs show, with a reasonable profit, then we would not have advantage of the tariff.

. Well, would it be possible, Mr. Dawson, for you to answer my question? . Well, I am answering as best I can.

. No, no, I am getting at the principle,--

. You want to read into my mind and ask me to say things that I am not going to say.

. No, no, that is a very unfair suggestion, Mr. Dawson. I am asking you to give me your view on the

the two different principles involving the imposition of customs duties. One is the principle excluding foreign manufacturers so that the Canadian manufacturer will have the territory to himself, and thereby get the volume of production that that territory would give. Now, you understand that? A. Yes.

Q. And the other principle is, that the Customs Duty will only equalize cost of production, that is, that if the cost of production is lower abroad the tariff will then be sufficient to bring it up to what it is here so that they may be on an even basis. Now, which of the two principles are you in favour of? A. I would like to know whoever enunciated that. My thought is, that we are only entitled to touch duty as will give us an equal opportunity with our foreign competitors. The whole British Tariff was based on that, and that is what we have been trying to find out, their cost.

Q. I know, - this is in the British Treaty? A. Yes.

Q. Well, I am just getting your view, Mr. Dawson, and I think I have got it clear now, and I do not want to go back on it. Your view is, that all you are entitled to is a tariff that would equal the cost of production? A. Give us equal opportunity to meet competition, taking into consideration the handicaps that the industry in Canada is obliged to meet because of that foreign competition.

the two different principles involving the imposition of customs duties. One is the principle excluding foreign manufacturers so that the Canadian manufacturer will have the territory to himself, and thereby get the volume of production that that territory would give. Now, you understand that? A. Yes.

Q. And the other principle is, that the Customs Duty will only equalize cost of production, that is, that if the cost of production is lower across the tariff will then be sufficient to bring it up to what it is here so that they may be on an even basis. Now, which of the two principles are you in favour of?

A. I would like to know whether annunciated that. My thought is, that we are only entitled to touch duty as will give us an equal opportunity with our foreign competitors. The whole British Tariff was based on that, and that is why we have been trying to find out, their cost.

Q. I know, - this is in the British Treaty?

A. Yes.

Q. Well, I am just getting your view, Mr. Dawson, and I think I have got it clear now, and I do not want to go back on it. Your view is, that all you are entitled to is a tariff that would equal the cost of production? A. Give us equal opportunity to meet competition, using the expression the Chairman that the industry in Canada is obliged to meet competition of many foreign competition.

Q. Handicaps? A. Yes, whatever they may be, chiefly wages and anything else.

THE COMMISSIONER: Or expensive buildings.

THE WITNESS: Yes, whatever the handicaps may be.

BY MR. McRUER: All right. Then the next item that you have on here, Mr. Dawson, is:

"Our mills operating 50 hours weekly." And in the other you say:

"Southern mills largely operate night and day shifts, 55 and 60 hours each, say 110 hours weekly, resulting in 120% additional production without additional buildings or machinery."

And the allowance asked for there is 6.65%. If that differential is eliminated, and your mills are operating on a greater hourly basis than the American mills, then we could take out that 6.65%?

A. If the hours were the same, and if we were running the same percentage of looms, or production, that would be quite right.

Q. Yes. So that if we can show that, along with those others that we have mentioned, we could cut the tariff down to about 10%, on your own statement.

A. I don't think you have any right to say that, Mr. McRuer. The whole situation would have to be studied over again to find out what our handicaps are.

Q. I am endeavouring to show what handicaps you have got in 1936 that you did not have in 1935?

A. Nobody can tell, Mr. McRuer, without making careful

Q. Handloops? A. Yes, whatever they may be, obtain wages and anything else.

THE CHAIRMAN: Or expensive buildings.

THE WITNESS: Yes, whatever the conditions may be.

MR DR. McGUIGAN: All right. Then the next item that you have on here, Mr. Dawson, is:

"Our mills operating 30 hours weekly," and in the other you say:

"Southern mills largely operate 60 hours weekly, resulting in 100% additional production without additional buildings or machinery."

And the allowance asked for there is 6.65%. If that information is eliminated, and your mills were operating on a greater hourly basis than the American mills, then we could take out that 6.65%?

A. If the hours were the same, and if we were running the same percentage of looms, or production, that would be quite right.

Q. Yes. So that if we can show that, along with those others that we have mentioned, we could cut the tariff down to about 10% on your own statement.

A. I don't think you have any right to say that, Mr. Mosher. The whole situation seems to be studied over again to find out what our handicaps are.

Q. I am endeavouring to know what handicaps you have got in 1926 that you did not have in 1925?

A. Nobody can tell, Mr. Mosher, without [illegible]

study of the whole situation.

Q. Well then-- A. For instance, I don't know the difference in the values of money at that time.

Q. In 1927? A. No, I don't know.

Q. You have not claimed anything for that? A. Well, I say the whole situation has to be studied again. Nobody can give a snap verdict on an important matter of that kind. If you wish us to, we will make a study again on the same basis.

Q. I was asking you if there had been any changes in your handicaps since 1927, that was the question, because you have had several advantages since then. You have had the advantage of having the Canadian market almost exclusively, with the exception of what has come in from Great Britain. A. Well, I don't think so. We haven't had the market to ourselves. We have not been able to operate full time over a period of years.

Q. We have found some mills that are ? A. Maybe they are operating and manufacturing goods that are more favourable and not meeting the same opposition that we have to meet. Our profits show, our financial statements show or reveal that we are not making abnormal profits.

Q. Well, that may be. We may have an inefficiently run mill that would not make any profits at all, no matter what tariffs you have? A. We are not willing to admit, Mr. McGuer, that we are running an inefficient mill.

study of the whole situation.

Q. Well then-- A. For instance, I don't k
difference in the values of money at that time.

Q. In fact? A. No, I don't know.

Q. You have not claimed anything for that?

A. Well, I say the whole situation has to be studi
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they are operating and manufacturing goods that are
more favourably and not meeting the same opposition
that we have to meet. Our profits show, our financial
[illegible] [illegible] [illegible] [illegible]
[illegible] [illegible].

Q. Well, that may be. We may have an inefficient
run mill that would not make any profits at all, no
matter what tariffs you have? A. We are not willing
to admit, Mr. [illegible], that we are running an inefficient
mill.

Q. Well, we have a mill at Three Rivers running three shifts? A. A different class of goods.

Q. You cannot formulate a tariff, can you, to suit every mill? A. You can, to a certain extent.

Q. Then you think a tariff ought to be formulated to suit every mill? A. For years, the tariff on yarn, dyed goods, which we claim are more expensive than, for instance, piece dyed goods, or fine print,- we did have a larger tariff on that class of goods foryear. That does not exist to-day. We still claim that the classification might be improved.

Q. Then I want to read what you had to say about Great Britain at that time:

"Memorandum showing cost of producing cotton goods in Canada as compared with Great Britain, and amount of tariff protection required in consequence.

The following figures are based on net sales value of production for 12 months ending March 1927, amounting to $8,174,871, which is taken as representing 120¼% of the value in Great Britain, making the Great Britain value $6,798,230."

The first item, under "Canada":

1. Buildings must be of much more substantial construction to withstand extreme variations in climate and heavy snow loads, also large warehouses capacity not required in England."

Then Great Britain:

Q. Well, we have a mill at Three Rivers running three shifts? A. A different class of goods.

Q. You cannot formulate a tariff, can you, to suit every mill? A. You can, to a certain ext

Q. Then you think a tariff ought to be formulate to suit every mill? A. For years, the tariff on yarn, dyed goods, which we claim are more expensive than, for instance, piece dyed goods, or fine print,- we did have a larger tariff on that class of goods forever. That does not exist to-day. We still thi that the classification might be improved.

Q. Then I want to read what you had to say about Great Britain at that time:

"Memorandum showing cost of producing cotton goods in Canada as compared with Great Britain, and amount of tariff protection required in Canada.

The following figures are based on net sales value of production for 12 months ending March 1907, amounting to $8,174,271, which is taken as representing 100% of the value in Great Britain, making the Great Britain value $8,792,520."

Item First Item, Same Item:

1. Buildings must be of much more substantial construction to withstand extreme variations in climate and heavy snow loads, also large warehouse capacity not required in England."

Then Great Britain:

"Lighter construction, lower building costs in materials and wages."

And you ask for 3.33% differential in your buildings. If you took your buildings, and take the depreciation of them at the present time, do you say that it would amount to 3.33% on your gross sales? A. I would not say that to-day. That is 1927 we are discussing now.

Q. I know, but those buildings have been depreciated for nine years since then, so that I think we probably could take, or could probably cut that 3.33% quite a bit in both items? A. What you are trying to do, Mr. McRuer, is to prove that we don't need any protection at all, apparently.

Q. Why do you suggest that, Mr. Dawson? A. The suggestion is, if the mills are run efficiently, that the financial showing year after year is in evidence whether you are getting too much protection or otherwise.

Q. Well, do you agree then that on that basis it is going to be rather hard on some of your competitors, that is, if we take their financial showing as to the test of whether you have had too much protection or otherwise over a period of years; if you reduce it to that it might make it very difficult for us to determine that question? A. No doubt they can prove their case.

Q. You think that shouldbe the criterion then?

"Lighter construction, lower building costs in materials and wages."

And you ask for 3.33% differential in your buildings if you took your buildings, and take the depreciation of them at the present time, do you say that it would amount to 3.33% on your gross sales? A. I would not say that to-day. That is 1927 we are discussing.

Q. I know, but those buildings have been depreciated for nine years since then, so that I think we probably could take, or could probably cut that 3.33% quite a bit in both items? Q. What you are trying to do, Mr. Dawson, is to prove that we don't need any protection at all, apparently.

Q. Why do you suggest that, Mr. Dawson?

A. The suggestion is, if the mills are run efficiently that the financial showing year after year is in evidence whether you are getting too much protection or otherwise.

Q. Well, do you agree then that on that basis it is going to be rather hard to come to some of your conclusions that is, if we take their financial showing as to the need of protection for the two year periods as otherwise over a period of years; if you reduce it to that it might make it very difficult for us to determine that question? A. No doubt they can prove that.

Q. Do you think that constitute the criterion then?

A. Whatever the differences may be.

Q. I see, the financial showing of the mills should determine whether they ought to have, or whether you have had too much protection or otherwise? Can we take that as your considered statement, Mr. Dawson, as the head of one of these mills? A. In considering the tariff, - if I were making it, Mr. McRuer, I would give consideration to the capitalization of an organization, the equipment, the management, and try to see whether they had a fair opportunity to make a success of their business on the basis of the tariff of the day.

Q. Yes. Well then, going to item No. 2, Canada:

"2. Duty has been paid on all machinery - original equipment under old tariff paid 25% - present Tariff 10%. Much equipment added during war years when war tax of 7½% was imposed, and much has paid Import Sales Tax now 4% (taken at 10% on today's depreciated values.)"

And then Great Britain, "Pay none of these charges." And you claim a differential there of 2.28% between Great Britain and Canada, in respect to the duty that you paid on machinery. Would you be prepared, Mr. Dawson, to present a statement substantiating that, that is, that you are entitled to protection on account of having paid duty on machinery? A. Well, the actual cost is that much higher, and has to be considered.

Q. I know, but this duty that you claim that you

whatever the differences may be.

I see, the financial working of the mills should [illegible] may ought to have, or whether you have had [illegible] or otherwise. Can we take that as your considered statement, Mr. Meaden, as the head of one of these mills? A. In considering the tariff, - if I were making it, Mr. Meiner, I would give consideration to the equalization of conditions, the local needs, the requirements, and to see whether they had a fair opportunity to make a success of their business on the basis of the tariff as it is.

Q. Well then, [illegible] to [illegible] A. Yes, [illegible] - original equipment under old tariff [illegible] - present Tariff 10%. Much equipment added [illegible] and many mills [illegible] at 10% on today's depreciated values.)

[illegible] and [illegible] varying. What some of these [illegible] and you claim a differential [illegible] that you pay on machinery. Would you be prepared [illegible] Q. Well, to present a statement substantiating the [illegible] is, that you are entitled to protection on account of having paid duty on machinery? A. Well, the actual cost is that much higher, and has to be considered.

Q. Well, and this duty that you claim that you

paid was paid many years ago, in many instances, and has been substantially written off.

A. It was a fixed charge up to that time. The Englishman had the same opportunity of writing his plant down on, I would say, a lower basis to start with.

Q. Quite right, but I am getting at the amount of increased capital cost by reason of your having paid duty on your machinery, as that is written down it would decrease the amount of protection that you needed in respect to that charge? A. It might.

Q. So that we can probably wipe that out. And then Item No. 3, Canada:

"3. Textile Machinery for shipment to Canada after having been erected in the Maker's Plant is all knocked-down, coated with vaseline, carefully packed in small packages, at a charge averaging over 12% of the cost of the machinery, and the re-erection of this machinery in Canadian Mills costs approximately another 13%. There are also transportation charges over and above cartage from Maker's Plant to shipping port, averaging 12½%."

And under Great Britain:

"Machinery is generally hauled to the Textile plant without being knocked-down, obviating subsequent cleaning and erecting charges."

And under Item No. 3 you are asking for an allowance there of 5.45%. What have you got to say about that,

paid was paid many years ago, in many in tances, and has been substantially written off.

A. It was a fixed charge up to that time. The English man had the same opportunity of writing his plant down, I mean by, a lower basis to start with.

Q. Quite right, but I am getting at the amount of increased capital cost by reason of your having paid duty on your machinery, so that is written down it would decrease the amount of protection that you needed in respect to that charge? A. It might.

Q. So that we can properly take that out. And the [illegible] Q. Yes.

"3. Textile machinery for shipment to Canada after having been stored in the Maker's plant in all knocked-down, crated with packing, carefully packed in small packages, at a charge averaging over 1½% of the cost of the machinery, and the re-erection of this machinery in Canadian [illegible] also transportation charges over and above carriage from Maker's Plant to shipping port, including [illegible] and labor duty.

"Machinery is generally packed to the textile plant without being knocked-down, obviating subsequent dismantling and crating charges."

Mr. Lemieux: Yes. I put my question for an answer [illegible] Now, you put in the big sheet that,

Mr. Dawson? A. It existed at that time, Mr. McRuer; I don't know what it is to-day.

THE COMMISSIONER: I don't quite understand that, Mr. McRuer. In England, my lord, it is carted from the factory and set up whereas with us here in Canada it is altogether different.

Q. You are dealing with England alone, not the United States. A. Just England in this case, my lord.

Q. On account of the short distance, I suppose. I did not realise you were dealing only with England? A. Only England, my lord.

BY MR. McRUER: Q. 37½% increase sounds to me like an extraordinarily high figure for that comparatively simple process of packing and transporting? A. I think it gives some detail there, does it not?

THE COMMISSIONER: 37½%?

MR. McRUER: 37½%, my lord, and the tariff protection that is asked with respect to that item is 3.48%.

Then item No. 4, Canada:

> Directly paid Duty and Import Sales Tax on Supplies, Starch, Coal, Repair and Renewal parts, etc. to the extent of $75,000 annually. (Duties paid indirectly not estimated)."

And "Great Britain" you say "Pay none of these charges." And the allowance asked for with respect to that is 1.10%.

Mr. Dawson? A. It existed at that time, Mr. Monk, I don't know what it is to-day.

THE CHAIRMAN: I don't quite understand that, Mr. Monk. In England, my lord, it is carried from the factory and set up abroad with us here in Canada it is altogether different.

Q. You are dealing with England alone, not the United States. A. Just England in this case, my lord.

Q. On account of the short distance, I suppose. I did not realize you were dealing only with England? A. Only England, my lord.

Mr. Monk: Q. Still increase sounds to me like an extraordinarily high figure for that comparatively simple process of packing and transporting? A. I think it gives some detail there, does it not?

THE CHAIRMAN: Yes?

MR. MONK: Yes, my lord, and the part of question that is asked with respect to that item is 3.4%.

Then item No. 4: Canada:

Directly paid Duty and Import Sales Tax on supplies, starch, coal, fuel and general price etc. to the extent of $[illegible],000 annually. (Duties paid improperly not estimated)."

Are "Quali ariteir" you say "Any more of these on page, and the witnesses asked for with respect to that is [illegible].

Item No. 5, Canada:

"Much coal required for heating,"

and Great Britain, "Less required."

And the allowance asked for there is .44%.

Item No. 6, Canada:

"Volume of production materially decreased owing to variety of styles in our limited market. Very thorough and careful estimates of comparative costs on this account were compiled at one of our largest mills."

Great Britain:

"Mills specializing on one or two classes of goods, with consequent larger volume of production."

And an allowance of 3.28% is asked for there.

Item No. 7:

"Larger staff of operatives required on account of variety of product - estimated as was Item #6."

Great Britain: "Not required."

And the allowance asked for there is 4.01%.

Item No. 8, Canada:

"Additional Machinery is required on account of diversified, nature of product, part of which must stand idle all the time, estimated as was Item #6."

Great Britain: "Much Machinery eliminated by specializing on one or two lines." And the allowance asked for there is 1.46%.

No. 9, Canada:

Item No. 5, Canada:

"Some small tweaking for Canada,"

and Great Britain, "Less required."

And the allowance asked for there is .44%.

Item No. 6, Canada:

"Slight or practically negligible decrease using

or variety or styles in our limited market."

Very thorough and careful estimates of comparative costs on this account were compiled at

[illegible] of our largest mills.

Great Britain:

"Mills specializing on one or two classes of goods, with consequent larger volume of production

and no difference of [illegible] for them."

Item No. 7:

"Larger staff of operatives required on account of variety of product - estimated as was Item #6."

Great Britain: "Not required."

And the allowance asked for there is 4.0%.

Item No. 8, Canada:

"Additional machinery is required on account of diversified, nature of product, part of which must stand idle all the time, estimated as was Item #6."

Great Britain: "Much machinery eliminated by specializing on one or two lines." and the allowance asked for here is 1.4%.

Item No. 9, Canada:

"Wages will average at least 40% higher than present rates in England."

In Great Britain: "Lower wages."

And 11.45% is asked for on account of that.

Or a total protection against England of 32.80%.

And the letter goes on to say:

"These figures show that there has to be added 32.80% to similar goods to ours made in England to bring them on a parity of cost with our production and that 35.07% has to be added to goods made in the Southern States to compare them as to cost with the production of our Canadian mills.

We have available for the study of the members of the Advisory Board documentary evidence substantiating the figures just quoted.

Indeed i sofar as competitive wages are concerned the figures named in these schedules are most conservative, as is made evident by comparison of wages in Alabama, Georgia and South Carolina as compiled by the Bureau of Labor Statistics at Washington (Bulletin No. 446) with the mills of Canadian Cottons. Unfortunately the U.S. Government figures referred to include no returns for the State of Texas from which State is coming much of our keenest competition, but from information recently obtained from a Texas Manufacturer - a personal friend of mine - we learn that wages in that State are practically on a par with the

"wages will average at least 10% higher than present rates in England."

In Great Britain "Labor Report."

and 11.4% is asked for on account of that.

or a total protection against England of 32.8%.

and the letter goes on to say:

"These figures show that there has to be added 22.8% to similar goods to ours made in England to bring them on a parity of cost with our products and that 25.07% has to be added to goods made in the Southern States to compare them as to cost with our products at the Pacific Coast."

We have available for the study of the members of the Senator Joint Commission evidence substantiating the figures just quoted.

Indeed i more as respective wages are concerned the figures named in these schedules are most conservative, as is made evident by comparison of wages in Alabama, Georgia and South Carolina as compiled by the Bureau of Labor Statistics, and Manufactures (Bulletin No. 161) with the mills of Canadian Cottons. Unfortunately the U.S. Government figures (Report to Congress) no returns for the three of Texas from which Texas is coming much of our keenest competition, but from information recently obtained from a Texas Manufacturer - a personal friend of mine - we learn that wages in that state are practically on a par with

other States named. This gentleman tells me that the minimum wage paid in his Texas mill is $7.00 per week against our minimum wage of $11.00 per week. The Texas mill referred to operated both day and night shifts of 55 hours per week against 50 hours per week, day work only, of the mills owned by Canadian Cottons, Limited. The night shift at this Texas mill consisted of 77% of women workers, whereas our mills by law (which we consider a just law) are not allowed to work women at night excepting up to 9 o'clock for two nights per week, and not exceeding 30 days in the entire year.

It can be readily understood that a very low production cost can be obtained when a mill, with the same capital investment, operates from 110 to 120 hours per week on standard staple lines that are not changed from January to December, as against 50 hours per week worked in the mills owned by Canadian Cottons, Limited. This condition is made possible through the larger population the United States mills have to serve, added to which they control a portion of the world's markets.

Of course, while these Southern United States mills are able to very materially lessen their cost of production by operating night and day shifts, yet these long hours of labour often lead to over-production, and eventually to a cut in prices

other States named. This gentleman tells us that the minimum wage paid in his Texas mill is $7.00 per week against our minimum wage of $11.00 per week. The Iowa mill referred to operated both day and night shifts of 55 hours per week against 50 hours per week, day work only, of the mills owned by Canadian Cottons, Limited. The night shift at this Texas mill consisted of 77% of women workers, whereas our mills by law (which we consider a just law) are not allowed to work women at night exceeding up to 9 o'clock for two nights per week, and not exceeding 55 days in the entire year.

It can be readily understood that a very low production cost can be obtained when a mill, with the same original investment, operates from 110 to 120 hours per week on a standard single linen that are not changed from January to December, as against 50 hours per week worked in the mills owned by Canadian Cottons, Limited. This condition is made possible through the larger population the United States mills have to serve, added to which they control a portion of the world's markets.

Of course, while these factors undoubtedly have given mills an Area So Very wonderfully large such cost of production by operating night and day shifts, yet these long hours of labour often lead to over-exertion, and eventually to a not in value

both at home and abroad. It is also a common practice on the part of these mills, in an effort to keep the home market undisturbed, to offer such surplus stocks in Canada at prices below those current in the United States.

These abnormal prices have to be met by the Canadian mills if their plants are to be kept in operation, and even taking advantage of the protection afforded through the Customs Tariff we are compelled to sell many of our lines below the cost of production.

A serious condition that the Canadian cotton Manufacturer has had to face in recent years is, the when his raw material advanced in price he found himself unable to make a corresponding advance in the products of his mills, due to the fact that many manufacturers in the United States and England with whom he has to compete, either for financial or other reasons, continued to offer their goods at prices entirely at variance with the prevailing price of raw cotton.

The present season is an illustration of this statement. According to the United States Government's estimate this season's cotton crop will be some 5,000,000 bales short of the year 1926. As a consequence the price of this staple has advanced over 10¢ per pound. Notwithstanding this many foreign mills, particularly those in

both at home and abroad. It is also a matter of the gravest [illegible], in as much as it has been the home market unfavorable, to offer such surplus stocks in Canada at prices below those current in the United States.

These abnormal prices have to be met by the Canadian mills if their plants are to be kept in operation, and even taking advantage of the [illegible] [illegible] [illegible] [illegible] we are compelled to sell many of our lines below the cost of production.

A serious condition that the Canadian cotton manufacturer has had to face in recent years is, that when his raw material advances in price he finds himself unable to make a corresponding advance in the products of his mills, due to the fact that [illegible] England with whom he has to compete, either for [illegible] [illegible] goods at prices entirely at variance with the prevailing price of raw cotton.

The present season is an illustration of this statement. According to the United States Government's estimate this season's cotton crop will be over [illegible] [illegible] [illegible] [illegible] advanced over 10% per pound. Notwithstanding this many foreign mills, particularly those in

England, continue to sell their goods on the basis of last year's cotton.

In confirmation of reports of this nature reaching us from many sources I quote as follows from a letter received under date of November 8th, from Mr. William MacMillan, head of the staple department of the firm of Gordon Mackay & Co. Ltd. Toronto:-

'I left Toronto about the middle of July and sailed from England on the 25th of September, and my experience was, that there was no difficulty in buying goods at old prices and in some cases actually lower than they were quoted when I first arrived in England at the end of July.'

'I found business extremely dull with the mills and the manufacturers so keen to keep the work people engaged that actual cost did not seem to be the determining factor. I might say I bought goods considerably cheaper than a year ago.'

'The British market has had considerable competition from the depreciating currency countries and the general curtailment of trade world over.'

'I am hopeful that I will be able to get my repeats on a similar basis to my original purchase.'

It can be seen at a glance that the present tariff

England, continue to sell their goods on the basis of last year's cotton.

In confirmation of reports of this nature reaching us from many sources I quote as follows from a letter received under date 4 November 1913, from Mr. William Hamilton, head of the staple department of the firm of Gordon Hanbury & Co. Ltd. Liverpool:-

'I fear Germans assume the minds of Only one million from England on the Rock of Gibraltar, and by inference that there was no difficulty in buying goods at old prices and in some cases actually lower than they were quoted when I first arrived in England at the end of July.'

'I found business extremely dull with the mills and the manufacturers as keen to keep the prices because that latter and the mill was the determining factor. I might say I bought [illegible] actually nearly [illegible] yard.'

'The British market has had considerable compilation from the depreciating currency combined and the general curtailment of trade [illegible] over.'

'I am hopeful that I will be able to get my [illegible]'

on cotton goods being imported into Canada from England is very inadequate to meet a situation such as that described."

(Page 7285 follows)

"Irrespective of these facts as now outlined showing why this important industry needs adequate protection there is a way by which this Commission can readily ascertain whether the present duties on cotton goods are excessive as recently claimed by the Consumers League.

Let me apply these tests to the Company I represent by asking myself certain questions, and then answering them:-

1. - Is your Company over-capitalized and are you taxing the product of your mills too heavily in the interests of your shareholders?

Answer - The Company is today paying dividends as follows:-

Preferred stock -	$3,661,500.00	@ 6%	$219,690.00
Common stock -	2,715,500.00	@ 8%	217,240.00
	$6,377,000.00		$436,930.00

but the average yearly return to the Common shareholders since the date of incorporation has been only 5% - no dividends having been paid during the first six years of the Company's existence. The Company has consistently used its surplus earnings for additions and improvements to its plant and equipment until today the shareholders investment on the books of the Company stands at $9,160,016.80. On this basis the production of the mills is being taxed for dividends for an amount representing only 4.77% of the total shareholder's equity.

"Irrespective of these tests as now outlined (dealing by this inspectorat laboratory needs adequate protection there is a way by which this commission can readily ascertain whether the present duties on cotton goods are those give as recently obtained by the Canadian Cotton.

Let me apply these tests to the Company I represent by asking myself certain questions, and then answering them:-

1. - Is your company over-capitalized and are you taking the product of your mills too heavily in the interests of your shareholders?

Answer - The Company is today paying dividends as follows:-

Preferred stock - $4,001,800.00 @ 6% $240,108.00

Common stock - $4,716,000.00 @ 8% $377,280.00
$8,717,800.00 $617,388.00

but the average yearly return to the common shareholders since the date of incorporation has been only 3% - no dividends having been paid during the first six years of the Company's existence. The Company has consistently used its surplus earnings for additions and improvements to its plant and equipment until today the shareholders investment on the books of the company stands at $9,100,010.80. On this basis the production of the mills is being taxed for dividends for an amount representing only 4.77% of the total shareholder's equity.

By taking the Plant, Machinery, Lands and Water powers at today's replacement value, less depreciation (as appraised for Insurance purposes October 25th, 1927) the total shareholder's equity is increased to $16,934,152.24 and on this basis the dividend payments constitute a tax on the production of the Mills, of an amount representing only 2.59% of the shareholder's equity."

May I just pause there to ask you if it is a fact that your properties were appraised for the purpose of insurance in 1917 at $16,934,152.24?

A. If that statement is there that is correct.

Q. Was that for buildings alone? A. No, that would be--

Q. No, it says: " by taking the plants, machinery, lands and water powers at today's replacement value, less depreciation as appraised for insurance purposes October 25th, 1927, so that evidently--?

THE COMMISSIONER: You would not consider the lands and insurance?

MR. McRUER: I would not have thought so but the appraisal may have dealt--

THE COMMISSIONER: I think the language is just a bit careless. What it means, the insurable objects show that.

MR. McRUER: Q. So that in addition to the

By taking the Plant, Machinery, Lands and water powers at today's replacement value, less depreciation (as appraised for Insurance purposes Dominion Act, 1917) the total assessor's equity is increased to $16,954,186.34 and on this basis the divisional governments would be a tax on the promotion of the utility, or an annual expenditure only -- not by Provincial's basis.

May I just pause there to ask you if it is a fact that your properties were appraised for the purpose of insurance in 1917 at $16,954,186.34?

A. If that statement is there then it is correct.

Q. You said for railway purposes? -- so that would be--

A. No, it says: " by taking the plants, machinery, lands and water powers at today's replacement value, less depreciation as appraised for Insurance purposes Dominion Act, 1917, by Board Railways--"

Q. You would of course say the same yesterday?

MR. MORLEY: I would not have thought so but the appraisal may have dealt--

A. I think the language is just a bit careless. When it means, the insurable equity show that.

MR. MORLEY: Q. So that in relation to the

dividends that you paid to the stockholders you have evidently built up a property in this time of a value of $16,934,000? A. At that time.

Q. Less depreciation? A. At that time. That was the appraisal, that was the insurance appraisal at that time.

Q. 2.- Are the profits made through the operations of the mills excessive?

Answer - Copies of the printed statements issued by the Company annually to the shareholders are in the possession of this Commission, and they speak for themselves. These statements are also passed on year by year by the Income Tax Department of the Government.

It might be of interest to the members of the Commission to know that during the whole 17 years from 1910 to 1927, only one year showed sufficient earnings to provide for the ordinary depreciation allowed by the Government. During that same period the average dividends paid to the shareholders were 6% on the preferred stock and 5% on the common stock.

3. - Are the mills under your control run in an efficient manner, and would it be possible by the introduction of better methods to reduce the cost of production?

Answer - I am convinced that we have a group of managers, superintendents, overseers and mill operatives that cannot be excelled in

dividends that you paid to the stockholders you have evidently built up a property in this time of a value of $16,[illegible]?

Q. Does Juvenal stand? A. At that time.

A. That was the Juvenal, that was the insurance company at that time.

Q. 2.- Are the profits made through the operations of the mills excessive?

Answer - Owing to the pioneer statements issued by the Company annually to the numerous bolders are in the possession of this Commission and then speak for themselves. These statements are also issued on [illegible] by the income tax department of the Government.

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Q. - Are the mills [illegible] in an efficient manner, and would it be possible by the introduction of better methods to reduce the cost of production?

Answer - I am convinced that we have a group of managers, superintendents, foremen and mill operatives that cannot be excelled in

any part of the world, and in my opinion the only reason that costs cannot be lessened is because of the conditions under which we labour and over which we have no control.

To test our efficiency it is customary to have our Mill Managers periodically interchange visits to the different plants of the Company after which conferences are held, and constructive criticism is offered.

In addition to these inter-plant visits our practical men, as occasion offers, visit mills making like goods in other parts of the world. In this way we are kept in close touch with all the modern machinery and methods used in the manufacture of cotton.

If these three questions above asked have been satisfactorily answered, I think it must be admitted that this Company has not taken undue advantage of the protection afforded it through the Customs duties.

In this connection I think I should explain that in the making of our prices no consideration is primarily given to the duties on cotton goods. To the mill cost is added the necessary overhead covering such items as head office expenses, selling charges, bank interest, depreciation and dividends. Then through our salesmen we ascertain what lines have to be sold at less than our prices

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so arrived at to prevent our competitors taking that portion of the businessrequired to keep our mills in operation."

So that apparently in 1927 you did not take the Customs duties into consideration in fixing your selling prices ? A. We never have at any time.

Q. Well, according to what we had yesterday, you have within the last three or four weeks because you reduced your prices because of reduction in Customs duties? A. Well, that is because we have had to sell below cost. The only reason, as I say, when the tariff is sufficiently high to get our costs figured on that basis then the duty does not apply. It is only when it goes below when we have to meet competition.

Q. Then in 1927 the tariff must have been sufficiently high to proceed on the basis that you suggested and that is, that you did not take the tariff Customs duty into consideration - I am dealing with what you said in 1927? A. We took it into consideration on the basis of cost. If our costs - when we make our prices it is on the basis of costs plus a reasonable profit. If the duties off the day would afford, would enable us to ask higher prices from the trade we did not take advantage of it. On the other hand, if the duties are lower and competition from other

to arrived at to prevent our competitors selling that portion of the business required to keep our mills in operation."

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countries is so keen that we cannot get our costs then we have to sell below cost or the price that we ought to get.

Q. Your costs in the first place included a profit? A. Includes the profit.

Q. Because you keep on saying "our costs plus a reasonable profit"? A. Well, that includes the dividends with a small balance over as you will notice only, balance carried over each year to the credit of profit and loss account has been very small and in some cases it has decreased our profit and loss because earnings were not sufficient to cover dividends paid.

Q. I am just pointing out to you the basis on which you were proceeding in 1927 and you said: "In this connection I think I should explain that in the making of our prices no consideration is primarily given to the duties on cotton goods. To the mill cost is added the necessary overhead covering such items as head office expenses, selling charges, bank interest, depreciation and dividends. Then through our salesmen we ascertain what lines have to be sold at less than our prices so arrived at to prevent our competitors taking that portion of the business required to keep our mills in operation."

THE COMMISSIONER: That word "dividends' includes dividends on common stock as well as preferred?

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A. Included the profit.

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The COURT SIGNER: That word "dividends" in-

A. Yes.

MR. McRUER: Q. Now, what I am pointing out to you with the Customs duties as they were in 1927 that was apparently the methods on which you were operating in fixing your selling prices then?

A. Yes, the prices were always based on cost and not on the tariff.

Q. So that in 1927 the tariff must have been sufficiently high that you were not much worried about the laid down cost of outside goods - you were able to fix your prices on the basis of cost?

A. I don't know just how we were doing in 1927. The statements would have to be studied.

THE COMMISSIONER: Q. You were applying for an increased tariff in 1927, were you not? A. I don't know that we were, there is the--

Q. I do not know yet either. Was this an application for a revision of tariff?

MR. McRUER: Q. Yes, you are making application you are joining in an application. There was an application on behalf of the Consumers League to reduce the tariff and you were making a counter-application to increase the tariff at that time?

A. I do not recall what we were after.

Q. This letter makes it perfectly clear what you were after: "By this method of procedure no lineof goods shows an excessive profit, and in many cases certain lines have to be sold at cost or less to prevent there being displaced by foreign goods."

Mr. Morden: Q. Now, what I am pointing out to you with the various duties as they were in 1927 that was apparently the methods on which you were operating in fixing your selling prices then?

A. Yes, the prices were always based on cost and not as far as?

Q. So that in 1927 the tariff must have been sufficiently high that you were not much worried about the laid down cost of outside goods - you were able to fix your prices on the basis of cost?

A. I don't know just how we were doing in 1927. The statements would have to be studied.

THE COMMISSIONER: Q. You were applying for an increased tariff in 1927, were you not? A. I don't know that we were. There is the--

Q. I do not know yet either. Was this an application for a revision of tariff?

Mr. Morden: Q. Yes, you are making application you are joining in an application. There was an application on behalf of the consumers Leagues to reduce the tariff and you were making a counter-application to increase the tariff at that time?

A. I do not recall what we were after.

Q. This latter seems to indicate that you were after: "By this method of protection no linen goods shows an excessive profit, and in many cases certain lines have to be sold at cost or less to prevent their being displaced by foreign goods."

"In conclusion I wish to say that in my opinion no business can continue successful over a term of years unless a fair margin of profit can be carried over in the form of a surplus. Dull periods are sure to come; accidents will happen, and other things occur toproduce lean years. A fair surplus is, therefore, needed to givestability to the business, and to make certain that the mill operatives shall continue to recieve profitable and steady employment."

Q. Now, did you have a surplus in 1927? Your surplus was added to in 1927 - a dull period came and then in 1933 you reduced your wages? A. We had to cut out dividends, did we not?

Q. I am saying you did not draw on your surplus to maintain yourwages? A. I think if you study you will find that we did draw on our surplus.

MR. KELLOCK: Yes, they did.

MR. McRUER: I do not think so.

MR. KELLOCK: The witness says that he did.

MR. McRUER: Did you or did you not in 1931, 1932, 1933 and 1934? A. I know the dividends were stopped at certain years.

Q. Yes, but you were not drawing on surplus to maintain wages? A. During the whole period we only made one reduction of 10%.

Q. And that was the year you made the biggest profit? A. Even from thewar days,

"In conclusion I wish to say that in my opinion no business can continue successful over a term of years unless a fair margin of profit can be carried over in the form of a surplus. Bad periods are sure to come; unexpected will happen, and other things occur to reduce lean years. A fair surplus is, therefore, needed to diversify to the business, and to make certain that the mill operatives shall continue to receive profitable and steady employment.

Q. Now, did you have a surplus in 1927? Your surplus was added to in 1927 - a dull period came and then in 1928 you reduced your wages? A. We had to cut out dividends, did we not?

Q. I am asking you did not draw on your surplus to maintain your wages? A. I think if you study you will find that we did draw on our surplus.

Mr. Kaufman: Yes, they did.

Mr. Moulton: I do not think so.

Mr. Kaufman: The witness says that he did.

Mr. Moulton: Did you or did you not in 1931, 1932, 1933 and 1934? A. I know the dividends were reduced to nothing.

Q. Yes, but you were not drawing on surplus to maintain wages? A. During the whole period we only made one reduction of 10%.

Q. And that was the year you made the biggest profit? A. Even from twenty days.

although the cost of living had materially been reduced.

Q. And that was the year that you made the biggest profit of all four years? A. 1927?

Q. No, the year that you reduced your wages?

THE COMMISSIONER: What year was that?

MR. McGUIR: The year ending 31st of March, 1934. You decreased your depreciation by $200,000, you had a net profit of $436,000, your depreciation you wrote off that year was $650,000 on this plant that had been depreciated down to about $4,000,000?

A. I think you would need to look at the following year, 1935, because conditions may have been developing at that time that necessitated action of that kind. You may be sure it was not done without a cause.

Q. I am just taking what was done, and then you did not return the annual amount - we had that yesterday? A. We returned 5% .

Q. In 1934 you paid $54,000 on common dividends, paid all your preferred--

THE COMMISSIONER: Q. That is 2,7 A. Yes.

MR. McGUIR: Q. In 1935 you paid dividends on preferred stock of $219,000, common stock $108,000 and you carried forward-- A. 4%.

Q. And you drew on surplus account to the extent of $328,000. No, you had a note,- your surplus account was increased that year by $453,000.

although the cost of living had materially been reduced.

Q. And that was the year that you made the biggest profit of all four years? A. 1927

Q. No, the year that you reduced your wages.

THE COMMISSIONER: What year was that?

A. Mr. Dunn: The year a long list of work, 1924. You decreased your depreciation by $800,000, you had a net profit of $486,000, your depreciation you wrote off that year was $666,000 on this plant that had been depreciated down to about $4,000,000?

A. I think you would need to look at the following year, 1925, because conditions may have been developing at that time that necessitated action of that kind. You may be sure it was not done without a cause.

Q. I am just taking what was done, and then you did not return the annual amount - we had that yesterday? A. We returned it.

Q. In 1924 you paid $4,000 on common dividends, paid all your preferred--

THE COMMISSIONER: Just as I am. Q. 1925.

A. Mr. Dunn: Q. In 1925 you paid dividends on preferred stock of $19,000, common stock $108,000 and you carried forward--? A. Yes.

Q. And you drew on surplus account to the extent of $[illegible]. No, you had a note,- your surplus account was increased that year by $[illegible].

You had a net profit of $151,000; profit on sales of securities of $145,000; paid on bond charges for sinking fund, $55,000 and a transfer of reserves, $10,000. So that I do not see that you--

A. What was it we carried to the credit of profit and loss that year?

Q. Your balance at the credit of profit and loss was $2,085,000 as against $1,951,000 the year before, so that you increased your balance in 1935 by about $100,000. That apparently looks like a transfer from reserves so that you broke even all right. There is nodrawing on surplus there to keep up your charges. Well, we will pass on from that.

"There is too great a tendency in some quarters to assume that the only industry that is worthy of consideration is the industry that continually hovers on the verge of bankruptcy. It surely must be in the interests of the country at large to have all the industries showing signs of life and prosperity, and also that those who have invested their capital in these industries shall be assured of a reasonable and continuous revenue therefrom.

It might be enlightening to some of our friends to know that a reasonable return to the investor does not of necessity mean the impoverishing of the consumer.

For instance, if in the Company I represent,

Dawson

You had a net profit of $151,000; profit on sales of securities of $145,000; paid on bond charges for sinking fund, $55,000 and a transfer of reserves, $10,000. So that I do not see that you--

A. What was it we carried to the credit of profit and Loss last year.

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It might be enlightening to some of our friends to know that a reasonable return to the investor does not of necessity mean the impoverishing of the recipient.

For instance, if in the company I represent,

dividends were entirely withdrawn from the shareholders and theprice of our products were reduced accordingly, and that this reduction in price was finally passed on to the consumer (which is doubtful) then every head of the population, which for the purpose we will estimate at ten millions, would be the richer by about 5¢ per annum. I imagine no individual in the country would ask our shareholders to make such a sacrifice when the added benefit to him would be so trivial."

Well, of course, your industry is not the only one in the country? A. Only speaking of course from our own.

Q. "If on the other hand the Canadian manufacturer should be given adequate protection so as to make it possible for him to supply say 50% of the cotton goods now being imported, one can imagine what this would mean in the way of giving employment to a large number of additional operatives and how it would add to the buying power of the country. The larger product too would lower the production cost which would in due course be passed on to the consumer in the form of lower prices."

THE COMMISSIONER: Tell me again what is the percentage asked there?

MR. McRUER: 50%.

dividends were entirely withdrawn from the shareholders and the prices of our products were reduced accordingly, and that this reduction in price was finally passed on to the consumer (which is doubtful) then every head of the population, which for the purpose we will estimate at ten millions, would be the richer by about $4 per annum. I imagine no individual in the country would ask our shareholders to make such a sacrifice when the added benefit to him would be so trivial."

Well, of course, your industry is not the only one in the country. It only speaking of course from our own.

Q. "If on the other hand the Canadian manufacturer should be given adequate protection so as to make it possible for him to supply say 30% of the cotton goods now being imported, one can imagine what this would mean in the way of giving employment to a large number of additional operatives and how it would add to the buying power of the country. The larger product too would lower the production cost which would in due course be passed on to the consumer in the form of lower prices."

MR. JOHN H. R.: Tell me again what is the percentage now?

Mr. McGill: 30%.

THE COMMISSIONER: Of the whole?

MR. McRUER: No, 50% of the cotton goods now being imported.

THE COMMISSIONER: That is, to decrease importations by 50%?

MR. McRUER: Yes, my Lord.

Q. "As an offset to the handicaps herein referred to, and to enable the mills to secure a larger share of the country's business in cotton goods, we respectfully make the following request:-

1. That the dumping clause at present constituting part of the Canadian Tariff be enforced by skilled Appraisers operating in fewer Ports of Entry.

2. That a permanent Tariff Board be appointed and that this Board be so clothed with power, that when proofs satisfactory to it are given that certain lines of foreign goods are being sold in Canada at prices below the cost of production, even though such goods are sold at similar prices in the country of origin, then the invoice value of such goods may be increased for duty purposes to a figure considered by such Board as representing the actual or real cost of said Imports.

3. That the duty on British cotton goods shall in no case be less than 25% of that of the general Tariff."

THE CHAIRMAN: Of the whole?

Mr. MORDEN: No, 30% of the cotton goods now being imported.

The [illegible] that is, by Canadian importations by Dom?

Mr. [illegible]: Yes, my Lord.

3. "As an offset to the Manitoba Rights referred to, and to enable the mills to secure a larger share of the country's business in cotton goods, we respectfully make the following request:-

1. That the dumping clause at present constituting part of the Canadian Tariff be enforced by skilled Appraisers operating in fewer Ports of Entry.

2. That a permanent Tariff Board be appointed and that this Board be so clothed with power, that when proofs satisfactory to it are given that certain lines of foreign goods are being sold in Canada at prices below the cost of production, even though such goods are sold at similar prices in the country of origin, then the invoice value of such goods may be [illegible] for duty purposes to a figure considered by such board as represents the actual or real cost of said imports.

3. That the duty on British cotton goods shall in no case be less than 35% of that of the general tariff."

Q. What is it you meant there? "That the duty on British cotton goods shall in nocase be less than 25% of that of the general tariff?"

A. That is, that the reduction shall not be, that the British preference shall not be more than 25% less than the general tariff but that the -

THE COMMISSIONER: Q. That the preference be maintained at 25%? A. Yes.

MR. McKER: Q. I thought that is what you meant. "That the duty on British cotton goods shall in no case be less than 25% of that of the general tariff."

- "4. - That the duty on cotton goods containing rayon or celanese yarns be not less in any case than the duty on all cotton goods of similar manufacture or class."

In regard to the latter item you apparently in 1927 would have been satisfied with a duty on cotton goods containing rayon or celanese yarns if it was not less in any case than the duty on all cotton goods of similar manufactre or class, but you got a tariff that put the duty two or three times as much as that contained on those mixtures, the duty on mixed cotton and rayon was the same as the duty on rayon?

A. Well, that was the time just when we were considering going into therayon business so that we really did not know actual conditions. Whether we asked it shall not be less there, the conditions as they arose may have been different, I don't know.

Q. What is it you meant there? "That the duty on British cotton goods shall in no case be less than 25% of that of the general tariff?"

A. That is, that the reduction shall not be, that the British preference shall not be more than 25% less than the general tariff but that the -

THE COMMISSIONER: Q. That the preference be maintained at 25%? A. Yes.

Mr. McGuire: Q. I thought that is what you meant. "That the duty on British cotton goods shall in no case be less than 25% of that of the general tariff."

"4. - That the duty on cotton goods containing rayon or celanese yarns be not less in any case than the duty on all cotton goods or similar manufacture or class.

In regard to the latter item you apparently in 1927 would have been satisfied with a duty on cotton goods containing rayon or celanese yarns if it was not less in any case than the duty on all cotton goods of similar manufacture or class, but you got a tariff that put the duty two or three times as much on that contained on those mixtures, the duty on mixed cotton and rayon was the same as the duty on rayon.

A. Well, that was the time just when we were on midstream going into tariffs and we really did not know actual conditions. Whether we asked it shall not be less than, the conditions as they arose may have been different, I don't know.

Q. You got a lot more - I suppose you were glad of that? A. Yes.

Q. Then I want to discuss with you a situation that arose in regard to the increases in 1931 as an illustration of how this reflected on your own business. I show you a letter dated February 18th, 1931, addressed to the Hon. Mr. Bennett. Will you look at that and tell me if that is your signature?

A. Yes, that is signed by myself.

EXHIBIT 493: Letter to the Hon. R.B.Bennett, dated February 18th, 1931, from Mr. Dawson.

"Honomrable and Dear Sir:-

Very reluctantly, I feel compelled to write to you personally about a situation that has developed in the relations of our industey with that of another Canadian producer, viz., Courtaulds (Canada) Limited, sole manufacturers in Canada of Viscose Rayons. It is only the steadily increasing evidence of its serious consequences as far as our company is concerned that prompt me to put certain facts before you, and I believe that by so doing some amicable adjustment can be made without undesirable publicity.

The Tariff changes made effective on September 22nd last altered the duty on Rayon yarns (tariff item #558b) from Great Britain from 12½% ad valorem to 25% ad valorem, and in

Q. You got a lot more - I suppose you were glad of that? A. Yes.

Q. Then I want to discuss with you a situation that arose in regard to the Lawrence in 1921 as an illustration of how this reflected on your own business. I show you a letter dated January 18th, 1922 addressed to the Hon. Mr. Bennett. Will you look at that and tell me if that is your signature?

A. Yes, that is signed by me.

Exhibit 424: Letter to the Hon. R.B. Bennett from Mr. Dawson, January 18th, 1921.

"Honorable and Dear Sir:-

Very reluctantly, I feel compelled to write to you personally about a situation that has developed in the relations of our industry with that of another Canadian producer, viz., Courtaulds (Canada) Limited, sole manufacturers in Canada of Viscose Rayons. It is only the steadily increasing evidence of its serious consequences as far as our company is concerned that prompt me to put certain facts before you and I believe that by so doing some amicable adjustment can be made without unfortunate publicity.

The Tariff changes made effective on September 22nd last altered the duty on rayon yarns (tariff item #538b) from Great Britain from 12½% ad valorem to 25% ad valorem, and in

no case less than 28¢ per lb. At the same time the duty on Rayon fabrics was altered from 17½% and 20% ad valorem under items 561 and 561a respectively to 27½% ad valorem and 30¢ per lb.

With the relative prices of Rayon yarns in Canada and in foreign countries as they were at that time, this increase in duty in item 561 appeared to afford adequate protection to Canadian manufacturers of Rayon fabrics. On December 1st, however, Courtaulds announced an advance in Rayon yarn prices of 10¢ per lb. Coincident with this their parent company in England announced reductions averaging a shilling per lb. which was followed by producers of Rayon yarns in all other parts of the world, including the United States. The net result is that we as producers of fabrics made wholly or in part of these Rayon yarns find ourselves, say, 35¢ per lb. worse off in relation to British and foreign competitors than we were before--completely wiping out the entire additional 30¢ per lb. specific duty as well as the increase in the ad valorem rate.

To mention one instance of this, we had offered to be started as quickly as possible 250 looms at Milltown, N.B., on 100% Rayon crepes, which are chiefly imported from France,

no case less than 28¢ per lb. At the same time the duty on Rayon fabrics was altered from 17½% and 20% ad valorem under items 1501 and 1511 respectively to 27½% ad valorem and 30¢ per lb.

With the relative prices of rayon yarns in Canada and in foreign countries as they were at that time, this increase in duty in item 1501 appeared to afford adequate protection to Canadian manufacturers of Rayon fabrics. In December 1st, however, Courtaulds announced an advance in Rayon yarn prices of 10¢ per lb. Coincident with this their parent company in England announced reductions averaging a shilling per lb. which was followed by producers of Rayon yarns in all other parts of the world, including the United States. The net result is that we as producers of fabrics made wholly or in part of these Rayon yarns find ourselves, say, 38¢ per lb. worse off in relation to British and foreign competitors than we were before--completely wiping out the entire additional 20¢ per lb. specific duty as well as the increase in the ad valorem rate.

To mention one instance of this, we had ordered to be started as quickly as possible 250 looms at Milltown, N.B., on 100% Rayon crepes, which are chiefly imported from France.

Switzerland, Japan and Great Britain. We installed a considerable quantity of mechanical equipment for the treatment of these fabrics, but now find ourselves left with no margin of profit when we meet foreign values.

At the same plant we invested some $40,000.00-- "

THE COMMISSIONER: No, you say 'margin of profit' when you mean foreign values - you mean British values? A. Read that again, please.

MR. McKUER: Q. The paragraph is:

"To mention one instance of this, we had ordered to be started as quickly as possible 250 looms at Milltown, N.B., on 100% Rayon Crepes, which are chiefly imported from France, Switzerland, Japan and Great Britain. We installed a considerable quantity of mechanical equipment for the treatment of these fabrics, but now find ourselves left with no margin of profit when we meet foreign values."

THE COMMISSIONER: Q. Would that include all this? A. That would include from all countries.

Q. Because they all followed theexample? A. Yes, because all had an opportunity of buying the material on that basis.

MR. McKUER: Q. There apparently was a contemporaneous reduction of prices in all these

Switzerland, Japan and Great Britain. We installed a considerable quantity of mechanical equipment for the treatment of these fabrics, but now that ourselves left with no margin of profit when we meet foreign values.

If the same plant we installed some $40,000.00-- "

THE COMMISSIONER: Do, you say 'margin of profit' when you mean foreign values - you mean British values? A. Read that again, please.

Mr. Donald: Q. The paragraph is:

"To mention one instance of this, we had ordered to be erected as quickly as possible Rayon Crepes, which are chiefly imported from France, Switzerland, Japan and Great Britain. We installed a considerable quantity of mechanical equipment for the treatment of these fabrics, but now that ourselves left with no margin of profit when we meet foreign values."

THE COMMISSIONER: Q. Would that include all this? A. That would include from all countries.

Q. [illegible]

A. Yes, because all had an opportunity of buying the material on that basis.

Q. [illegible] Were by generally was a considerable reduction of prices in all these

countries? A. Well, that usually follows.

Q. Well, I don't know, did not follow in Canada. It went up in Canada but in all the other countries in the world apparently the price came down.

Next you say: "Coincident with this their parent company in England announced reductions averaging 4 shillings per lb. which was followed by producers of Rayon yarn in all other parts of world, including the United States?"

A. Apparently that was the condition, which information we had available at the time.

Q. Then you go on to say:

"In new equipment for the manufacture of Rayon Suit Linings, formerly imported almost exclusively from Great Britain. Fully 50% of the Canadian value of these fabrics is Rayon. We now find the English producer selling these fabrics in Canada at lower prices than before the tariff changes were made effective, while our costs have naturally been increased.

Please understand, Mr. Bennett, that we have no quarrel with Courtaulds, and wish to see them and all other Canadian manufacturers operating at a profit, but without some readjustment of our raw material (Rayon yarn) prices or a compensating increase in the duty on fabrics made from same, the result can spell nothing but

countries.

Q. Well, I don't know. Did not follow in Canada. It went up in Canada but in all the other countries in the world apparently the price came down.

Next you say: "Coincident with this their parent company in England announced reductions averaging a shilling per lb. which was followed by proceeds of seven years in all other parts of world, including the United States."

Q. Apparently that was the condition, which information we had available at the time.

Q. Then you go on to say:

"In new equipment for the manufacture of seven unit dishes, formerly [illegible] exclusively from West Indies, fully 50% of the American value of these fabrics is saved. We now find the Indian producer selling these fabrics in Canada at lower prices than before the tariff changes were made effective, while our costs have naturally been increased.

Please understand, Mr. Chairman, that we have no quarrel with Countervailing, and when we have [illegible] and all other [illegible] manufacturers operating at a profit, but to have some readjustment of our rates essential (a [illegible]) [illegible] stimulating interests in the dry on [illegible] same time, the result can spell nothing but

disaster for the producers of Rayon fabrics such as ourselves.

If the present differential between the prices of Canadian and foreign yarns is to be maintained, it is essential that the rates of duty under tariff item #561 be not less than:

	Br. Pref.	Inter.	General
	35%	45%	50%
and per pound	40¢	50¢	50¢

I am enclosing herewith cuttings from recentissues of trade papers announcing the reductions in foreign Rayon yarn prices as referred to above."

Now, you remember the difficulty that arose at that time, do you Mr. Dawson? A. That is in regard to the fixed value of duty on yarns?

Q. Well, in regard to that fact that a duty had been put on yarns that was very much greater than it was before in September, 1930? Then apparently Courtaulds on the 1st of December announced an increase of 10¢ a pound just at the time that the parent company in England was announcing a decrease of a shilling a pound. Now, you remember--? A. That was the information that we had at the time.

Q. Well, was not it correct? A. Presumably so far as I know.

Q. You never knew of any reason to disbelieve it and the result was that you as a consumer of

disaster for the producers of Rayon fabrics and all consumers.

If the present differential between the prices of Canadian and foreign yarns is to be maintained, it is essential that the rates of duty under tariff item 1201 be not less than:

In Yarn	Fabric	Garments
35%	40%	50%
35% ad valorem duty	35%	40%

The following Customs Tariff item from recentlisues of trade papers announcing the reductions in foreign Rayon yarn prices as referred to above."

Now, you remember the difficulty that arose at that time, do you Mr. Ia Scott? A. That is in regard to the fixed value or duty or yarns?

Q. Well, in regard to that fact that a duty had been put on yarns that was very much greater than it was before in September, 1930? Then apparently Courtaulds on the 1st of December announced an increase of 10% a pound just at the time that the current company in Canada was announcing a decrease of 5% duties. Now, you remember?

A. That was the impression that we had at the time.

Q. Yes, we all remember.

Mr. Ia Scott: Q. You may I know of any reason to disbelieve it and the result was that you as a consumer of

rayon yarns was badly pinched? A. As a result we had to discontinue the making of those goods referred to.

Q. How many men did that throw out of employment at your place that might have been employed had you been able to import these rayon yarns at the old duty? A. An inquiry would have to be made. I am not sufficiently familiar on the details of the condition of the mill to answer that question without inquiry.

Q. Well, your rayon division I rather thought from some of the letters you wrote to Mr. Dunning a few weeks ago, that the Province of New Brunswick was just about going to collapse if you closed that mill down there and I was just wondering what effect that the duty that was put on rayon yarn in 1930 had on the Province of New Brunswick?

A. It necessitated our turning on to other goods.

Q. Well, the clipping that was enclosed is from the "Daily News Record" November 28th, 1930, which reads as follows:

"COURTAULDS CUTS ITS VISCOSE YARN PRICES 6 TO 36 CENTS. Most sizes Affected by Reduction - 150 Denier, 36 Filament Dropped 18 Cents to $1.08 a Pound. - - -

By Cable from Staff Correspondent Copyright, 1930, Fairchild News Service.

Manchester, Nov. 27. - Courtaulds, Ltd., has reduced its prices on viscose process

rayon yarns was badly pinched? A. As a result we had to discontinue the making of those yarns [illegible].

Q. How many men did that throw out of employment at your place that might have been employed had you been able to import these rayon yarns at the old duty? A. An inquiry would have to be made. I am not sufficiently familiar on the details of the condition of the mill to answer that question without inquiry.

Q. Well, your rayon division I rather thought from some of the letters you wrote to Mr. Dunning a few weeks ago, that the Province of New Brunswick was just about going to collapse if you closed that mill down there and I was just wondering what effect that the duty that was put on rayon yarn in 1930 had on the Province of New Brunswick?

A. It necessitated our turning on to other goods.

Q. Well, the clipping that was enclosed in from the Daily News Record November 20th, 1930, which reads as follows:

"Substitute Yarn Its Success Has Caused a 20 to 30% Rise. Most sizes affected by reduction - 150 Denier, 35 Filament Dropped 15 Cents to $1.08 a Pound. - - -

In Spite Case Shift Unprecedented Occurred, Yarn, Currently Now Arrived.

Kingsport, Tenn. 27. - Substitute Yarn, has reduced its prices on viscose rayons

rayon yarns by three pence to one shilling six pence (6 cents to 36 cents) a pound depending upon the yarn number. The cut is effective as of Nov. 24 andaffects most of the types of yarn.

150 denier Escorto (36 filaments) is down nine pence to four shillings six pence ($1.08) a pound and 100 denier Courto is down one shilling to 8 shillings three pence ($1.98) a pound. Most of thedrepe yarns have been reduced about one shilling. The company is re-grading its warps with some reductions.

It is believed that Seraceta (acetate yarn) is not affected by the cut.

It is believed locally that the price cut was brought about to some degree by the recent reduction in acetate yarns, which was at that time considered substantial and which probably affected the viscose yarns.

As reported previously in Daily News Record, mills in the rayon trade had expected a price reduction to materialize."

THE COMMISSIONER: Q. Did you not see in the newspapers there had been some other reduction?

A. I did not notice it, my Lord.

MR. HOOPER: There have been recent reductions in prices.

THE COMMISSIONER: You saw that?

MR. HOOPER: I did not see it in the newspaper but I know there have been reductions.

THE COMMISSIONER: I was just wondering where it had any bearing on the question before us.

MR. McRUER: The reporter tells me there was a story in yesterday's papers that the viscose yarn was going up.

MR. HOOPER: Yes, I saw that.

MR. McRUER: Q. Mr. Dawson, what was the outcome of your protest to Mr. Bennett about the situation that had been brought about by the increase in the price of yarn? A. I do notrecall any action. I think the duty of 28 cents a pound still continued as far as my memory serves me.

Q. Yes, but do you or do you not know that the Government brought pressure to bear on Courtaulds to reduce their prices and threatened them with taking the duty off altogether if they did not do it? A. I have no information.

Q. Well, we will come to Courtaulds eventually I hope.

THE COMMISSIONER: Q. Was there any reduction? A. Not that I am aware of. Of course, it would have to be inquired into. I would not like to make a statement, my Lord.

Q. Well, since the increase interested you so much at that time you likely would know of a decrease? A. There probably was, I could not speak with knowledge.

Q. You do not remember? A. No. I could have that inquired into.

Mr. MOORE: I did not see it in the newspaper but I know there have been red ribbons.

THE COMMISSIONER: I was just wondering where it had any bearing on the question before us.

Mr. MOORE: The reporter tells me there was a story in yesterday's papers that the viscose yarn was dying up.

Mr. MOORE: Yes, I saw that.

Mr. McGUIRE: Q. Mr. Dawson, what was the outcome of your protest to Mr. Bennett about the situation that had been brought about by the increase in the price of yarn? A. I do recall any action. I think the duty of 25 cents a pound still continued so far as my memory serves me.

Q. Yes, but do you or do you not know that the government brought pressure to bear on Courtaulds to [illegible] the duty off altogether if they did not do it?

A. I have no information.

Q. Well, we will come to Courtaulds eventually Dawson.

THE COMMISSIONER: Q. Was there any reduction?

A. Not that I am aware of. Of course, it would have to be imported yet. I would not like to make a statement, my lord.

Q. Only since the Canadian Industrial Yarn Co was at that time the [illegible] of a [illegible]

A. There probably was. I could not speak with knowledge.

Q. Are you [illegible]? A. No. I would have that imported into.

MR. McRUER: Q. Did you suggest that there was a letter "fixed valuation of rayon yarns"? A. Yes, I did not understand there is a fixed valuation of rayon yarns today.

Q. Mr. Hooper says that there is not a fixed valuation? A. I mean to say not today, there was.

Q. Are you meaning a specific duty? A. Yes. My understanding until the last Budget was brought down that yarns could not be brought in on a value less than 28¢ a pound.

Q. Yes, on a specific duty? A. Yes, sir.

Q. You did not mean fixed valuation in the ordinary sense? A. No, no.

Q. Now, just on the same line I asked you to produce a letter or copy of a letter from Mr. MacDougall to you dated October 7, 1935.

THE COMMISSIONER: Q. Who is Mr. MacDougall? A. He is General Manager of Belding-Courticelli.

MR. McRUER: Q. You have produced this as a copy? A. Yes, that was sent up, from his office.

Q. You got it from Mr. MacDougall's office? A. Yes.

Q. You did not have the original? A. Apparently they were not able to produce it.

EXHIBIT 494: Letter dated October 7th, 1935, from Mr. MacDougall to Mr. Dawson. Mr. Mac Dougall, General Manager of Belding Courticelli.

Q. It is marked copy sent to Mr. John T. Hackett, and Mr. F. J. Meade, J. M. Mackie, W. A. Black, F. F. Size, Douglas Hallam, W. J. Black? A. Yes.

Q. Mr. Hanson -- did you request that there be a letter "fixed valuation of mason years"? A. Yes, I did not understand there is a fixed valuation of mason years today.

Q. Mr. Hooper says that there is not a fixed valuation? A. I mean to say not today, there was.

Q. Are you meaning a specific date? A. Yes. My understanding until the last budget was brought down that years could not be brought in on a value less than $2 a pound.

Q. Yes, on a specific date? A. Yes, sir.

Q. You did not mean fixed valuation in the ordinary manner? A. No, no.

Q. Now, just on the same line I asked you to produce a letter or copy of a letter from Mr. Macdonald to you dated October 7, 1955.

THE COMMISSIONER: Q. Who is Mr. Macdonald?

A. He is Vice-President of Selling-Controlled.

Mr. McGrath: Q. You have produced this as a copy? A. Yes, that was sent up from his office.

Q. You got it from Mr. Macdonald's office? A. Yes.

Q. You did not have the original? A. Apparently they were not able to produce it.

EXHIBIT [illegible]: Letter dated October 7, 1955, from Mr. Macdonald to Mr. Hanson. Re: Mason Control, Honorary Manager of Selling Controlled.

Q. It is marked copy sent to Mr. John T. Macdonald, and Mr. F. J. Leeds, J. E. Keefe, R. A. Black, L. J. Blue, Douglas Mallam, A. A. Milner? A. Yes.

Q. Who are these gentleman? A. Mr. Hackett is the Liberal member for Stanstead. Mr. Meade was the Manager of Mr. MacDougall's mill in Coaticook.

Q. Who is Mr. Mackie? A. He is one of the directors of Belding-Courticelli.

Q. Who is W. A. Black? A. He is also a director of the Company.

Q. Who is P. F. Sise? A. He is another director.

Q. And Douglas Hallam-of course Secretary? A. Yes, sir.

Q. Who is W. J. Black? A. He is in charge of sales in the Belding-Courticelli.

Q. Now, this letter seems to deal with certain matters in regard to the tariff that had been on the goods during a period of 15 years:

"Dear Mr. Dawson:

Since our telephone talk the other day, I have been thinking over our situation in regard to Duty, Taxes, etc. prior to 1930 and the obstacles that we have had to contend with since the present Government have been in power.

1. Material increase in cost of Rayon Yarns also Cotton Yarns - Rayon yarn duties previously about 17½% were increased to 50/60% - you are familiar with the Cotton Yarn duties.

2. We were not given any compensation or increased duty on our Finished products notwithstanding the increased cost of our

Q. Who are these gentlemen? A. Mr. Merrett is the Liberal member for Stanstead. Mr. Meade was the manager of Mr. McDougall's mill in Coaticook.

Q. Who is Mr. Weybie? A. He is one of the directors of Holding-Courtcelli.

Q. Who is W. A. Black? A. He is also a director of the Company.

Q. Who is F. X. Sinet? A. He is another director.

Q. Are these Holding-Courtcelli shares transferable?

A. Yes, sir.

Q. Who is W. J. Black? A. He is in charge of sales in the Holding-Courtcelli.

Q. Now, this letter seems to deal with certain matters in regard to the tariff that had been on the goods during a period of 10 years:

"Dear Mr. Dawson:

Since our telephone talk the other day, I have been thinking over our situation in regard to duty, Canada, etc. Please be frank and the obstacles that we have had to contend with since the present Government have been in power.

1. Material increase in cost of rayon Yarns also Cotton Yarns - rayon yarns since previously about 12% have increased to 50/60% - you are familiar with the cotton Yarn duties.

2. We were not given any compensation or increased duty on our finished products notwithstanding the increased cost of our

raw materials, in fact, our protection has actually been reduced on Rayon Threads and Ribbons.

3. The Liberal Party always considered and allowed a spread between Raw Materials and Finished goods.

4. No consideration whatever given to our representations and briefs regarding Silk and Rayon Threads, also Silk and Rayon Ribbons, Braids, Tapes, etc. etc.

5. Excise Tax on Raw materials including Raw Silk also included in our Cotton Yarn prices, but does not apply against keenly competitive imports of Finished goods from England, there being no Excise Tax on goods imported from England.

6. When the latest French Treaty became effective the old rates of Duty on Silk and Rayon Ribbons again took effect, which created an extremely serious loss to us when Exchange conditions were normal.

7. Seizure of Spun Tussah after years and years of protection under this tariff item. Government officials have now made us pay 10% Duty on our imports based on the English price which includes 2/6d. English Excise Tax, notwithstanding the fact that these goods are not made in Canada, our protection on this business has been wiped out.

raw materials, in fact, our preferences has actually been reduced on Rayon Threads and Ribbons.

3. The Liberal Party always considered and allowed a spread between raw materials and finished goods.

4. No consideration whatever given to our representations for duty free raw materials such as Rayon Threads, also Silk and Rayon Ribbons, Braids, Tapes, Ties, etc.

5. Excise tax on raw materials including raw silk also included in our Cotton Yarn prices, but does not apply against keenly competitive imports of finished goods from England, where being no Excise Tax on goods imported from England.

6. When the latest French Treaty became effective the old rates of Duty on Silk and Rayon Ribbons again took effect, which created an extremely serious loss to us when Exchange conditions were normal.

7. Prior to Japan Treaty Rates Years and years of protection under this tariff item, Government officials have now made us pay 10% Duty on our imports based on the Ex Link price which includes 2/6d. English Excise Tax, notwithstanding the fact that these goods are not made in Canada, our protection on this business has been wiped out.

8. Change in Sales Tax regulations without any notice to us cost us $1500.00.

9. Force us to pay Duty on defective Canadian Hosiery returned from Export markets because they have been paid for by our customer, on the other hand, if the goods are not paid for, they can be returned without Duty; to enable us to get back our defective goods without payment of Duty, we must destroy Hosiery to such an extent they lose all value that remains.

10. Tariff Board refused to change Braided Shoe Thread to proper tariff classification - permit importing as a Twisted Thread."

(Page 7315 follows)

8. Change in sales tax regulations without any notice to us cost us $1600.00.

9. Force us to pay duty on defective merchandise during periods when lower duties because duty have been paid twice by one customer, on the other hand, if the goods are not paid for, they can be returned without duty; to enable us to get back our defective goods without payment of duty, we must destroy Bonlery to such an extent they lose all value that remains.

10. Tariff board refused to change a ruled once Tariff board to proper Tariff classification - permit importing as a invoiced invoice.

(Page 7b3 follows)

"11. Refuse drawback on Shanghai Shag which we imported from the United States and exported to other countries, the contention being we do not change the nature of the article notwithstanding the fact that we employ Canadian labour, and purchase materials and supplies to the extent of 20% of the selling value.

12. No drawback allowed on the importation of goods and exporting of these goods in the same condition, in other words, this Government do not seem to be anxious to encourage the development of Export trade.

13. Placed 33-1/3% Surtax on Japanese Raw Silk.

14. This 33-1/3% Surtax does not apply on our Finished goods (viz: Silk and Rayon Threads and Ribbons), because our Raw Silk content is only 28% to 37% of the total value of the article, while Government regulations call for 50% value of Raw material content, in other words, because we use more Canadian labour and supplies in our goods, we are penalized on our Raw material costs and our protection against United States is seriously reduced. This ruling has already created very serious competition. 25% is the regular Duty on Silk Thread imported from United States, through this ruling reduces our protection to 12½%.

15. 6% Sales Tax made to apply on consumable materials, thereby increasing our costs.

16. Increased tariff rates on Dyes, Chemicals, etc. thereby increasing our cost of dyeing, whereas no

"11. Refuse drawback on dyestuffs which we imported from the United States and exported to other countries, the consideration being we do not [illegible] the fact that we employ Canadian labour, and purchase materials and supplies to the extent of 60% of the selling value.

12. No drawback allowed on the importation of goods and exporting of these goods in the same condition, in other words, this Government do not seem to be anxious to encourage the development of import trade.

13. Placed 35-1/3% duties on Japanese Raw Silk.

14. This 35-1/3% duties does not apply on our Finished goods (viz: Silk and Rayon Threads and Ribbons), because our Raw Silk content is only 25% to 27% of the total value of the article, while our Government regulations call for 50% value of Raw material content, in other words, because we use more Canadian labour and supplies in our goods, we are penalized on our Raw material costs and our protection against United States is seriously reduced. This ruling has already created very serious competition. 25% is the regular duty on Silk thread imported from Japan [illegible], thus this ruling reduces our protection to 12½%.

15. 6% Sales Tax made to apply on consumable materials, thereby increasing our costs.

16. Increased tariff [illegible] on dyes, chemicals, etc., thereby increasing our cost of dyeing, whereas no

"increase in tariff made on Silk and Rayon Threads, Ribbons or Narrow Fabrics.

17. Increased Customs Duties on Mercerized Cotton Yarns when imported from the United States which we use in our narrow Fabrics and cotton threads. English yarns come in free of Duty but cost 3 to 4¢ per lb. more for transportation than from the United States, no increase in tariff on our finished products.

You will notice I have not mentioned increased Sales Tax which we had to largely absord - increase in Stamp Taxes, Income Tax, etc. etc.

I make up this memorandum and am sending it so that you can see for yourself the difficulties we have had to contend with without any consideration whatever being given to our interests and wonder who could be of assistance to us."

Sort of a Macedonian call or cry. Do you recollect the conversation you had with Mr. MacDougall that preceded this letter? A. This is practically a confirmation of the conversation we had. His difficulty through all the years was that his raw material had been increased by the Bennett Government, the duty on the raw material, with no corresponding increase on his finished goods, and he thought he had a real grievance, and during the whole time of the Bennett administration he was making an effort to get that remedied but that never came.

Q. That is really one of the difficulties, when

"Increase in tariff made on Silk and Rayon Tricots, Silk or Cotton Velvetine.

17. Increased Customs Duties on Mercerized Cotton Yarns when imported from the United States which we use in our narrow Fabrics and cotton threads. English yarns come in free of duty but cost 3 to 4¢ per lb. more for transportation than from the United States, no increase in tariff on our finished products.

You will notice I have not mentioned Increased Sales Tax which we had to largely absorb - Increase in Stamp Taxes, Income Tax, etc. etc.

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Q. That is really one of the difficulties, when

you start increasing the tariff, what is one fellow's finished product is the other fellow's raw material? A. There is no doubt about that.

Q. If you carried it on to a conclusion you would almost get them up where they would be unbearable? A. It is a very difficult and complicated piece of business.

Q. There is no doubt of that. It would be probably convenient for an adjournment now.

-- The Commission adjourned for a short recess.

-- On resuming.

BY MR. McRUER: Q. I show you a letter dated the 20th of August, 1930, addressed tothe Honourable Mr. Bennett; is that your signature? A. Right.

SECRETARY WHITELEY: What year is that?

MR. McRUER: 1930.

THE COMMISSIONER: This will be exhibit 495. What is the date of it?

MR. McRUER: The 20th of August, 1930.

EXHIBIT NO. 495: Letter dated August 20, 1930 from A.O. Dawson to Hon. R.B. Bennett.

MR. McRUER: This reads as follows:

"Dear Mr. Bennett:

The Cotton Manufacturers of Canada respectfully suggest that at the approaching Emergency Session of Parliament some assistance be given this Industry in the way of an upward revision of the Tariff."

THE COMMISSIONER: Just a minute, the Cotton Manufacturers of Canada; it is written on behalf of the

you start increasing the tariff, what is one fellow's finished product is the other fellow's raw material?

A. There is no doubt about that.

Q. If you carried it on to a conclusion you would almost get them up where they would be unbearable?

A. It is a very difficult and complicated piece of business.

Q. There is no doubt of that. It would be probably convenient for an adjournment now.

-- The Commission adjourned for a short recess.

-- On resuming.

BY MR. MORDEN: Q. I show you a letter dated the 20th of August, 1930, addressed to the Honourable Mr. [illegible]

SECRETARY WITNESS: What year is that?

MR. MORDEN: 1930.

[illegible] is the date of it?

MR. MORDEN: The 20th of August, 1930.

EXHIBIT NO. 439: Letter dated August 20, 1930 from A.O. Dawson to Hon. R.B. Bennett.

MR. MORDEN: This reads as follows:

"[illegible]

The Cotton Manufacturers of Canada respectfully [illegible] of Parliament some assistance be given this industry in the way of a [illegible] tariff."

[illegible] Mr. [illegible] manufacturers of Canada; it is written on behalf of the

whole industry?

MR. McRUER: Apparently, my lord.

" The reasons for this request are briefly as follows:-

1. The Mill employees, as a result of not having steady work for the past two years or more, have about reached the end of their resources and some of them are now in real need.

2. Because of lack of orders a large number of Mill hands have had their names removed entirely from the pay rolls. Many of these, both men and women, have not been able to secure work elsewhere and they are patiently waiting for the time when the Cotton Mills will again be able to give them employment. Unfortunately some of these worthy people are now in dire financial straits.

3. If the Cotton Mills are given a fair chance of meeting foreign competition it is felt that a full-time schedule will very shortly be put into effect, and unemployment can to that extent be relieved.

In this connection we attached a detailed memo showing how the various mills are now being operated, and what it would mean if they could again be started at full-time with a complete staff of employees.

4. The result of full-time operations would mean that all of these Mills would immediately require additional supplies and repair parts.

Mills Industry:

MR. MORRIS: Apparently, my Lord.

" The reasons for this request are briefly as follows:-

1. The Mill employees, as a result of not having steady work for the past two years or more, have about reached the end of their resources and some of them are now in real need.

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4. The result of full-time operations would mean that all of these Mills would immediately require additional supplies and repair parts.

"and other allied industires would in turn become busy, thus giving employment to many of their employees who at the present time find themselves in a position similar to our own workers. Thus it can be seen at a glance that when full-time is again resorted to by the Cotton Mills, the purchasing power of our people will be increased. Every farm, factory, and store in the country would very soon feel the thrill of a new era of prosperity.

With the objectives above outlined before us, we have prepared a table of Tariff Rates that we believe are necessary to meet the situation, and this table is presented herewith.

These rates cannot, and will not, prevent many lines of Cotton Goods from entering Canada, but we are hopeful that with the additional assistance that can be given the Industry by the making and by the enforcing of proper laws to prevent the dumping and undervaluation of goods for Customs purposes, that at least an additional 25% of the country's requirements of Cotton goods could be supplied by the Canadian Mills."

So that your objective was evidently an additional 25% of the country's requirements at this time?

A. At that time.

THE COMMISSIONER: That would have brought about all those desirable conditions that preceded there?

MR. McRUER: Yes, the renascence, prosperity.

"We also attach a memo suggesting ways and means of making it more difficult for dishonest

"and other allied industries would in turn become busy, thus giving employment to many of their employees who at the present time find themselves in a position similar to our own workers. Thus it can be seen at a glance that when full-time is again resorted to by the Cotton Mills, the purchasing power of our people will be increased. Every farm, factory, and store in the country would very soon feel the thrill of a new era of prosperity.

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So that your objective was evidently an additional 25% of the country's requirements at this time?

A. At that time.

THE COMMISSIONER: That would have brought about all those desirable conditions that you spoke about.

MR. McRUAI: Yes, the renascence, prosperity.

" We also attach a memo suggesting ways and means of making it more difficult for dishonest

"importers to evade the Customs laws and to reduce to a minimum goods that are brought into the country at an undervaluation, and contrary to the dumping laws of Canada.

The Cotton Manufacturers have put their Tariff suggestions in as concrete a form as possible, realizing that only a short time can be given to their study by the Government prior to the time that the Prime Minister will have to leave to attend the session of the British Empire Economic Conference shortly to be held in London.

The Cotton Manufacturers will gladly supply any additional information that the Government may require in the way of explaining the Tariff Rates now suggested."

Apparently, Mr. Dawson, you were presenting this letter with the accompanying schedule on behalf of the cotton manufacturers of Canada? A. The letter would seem to indicate that.

Q. You must recollect what took place at that time, whether you were nominated by them to communicate with the Government in respect to these matters? A. I must have had a conversation with some of the representatives of the other mills.

Q. Now, Mr. Dawson, you had far more than a conversation; these matters were very maturely worked out? A. I cannot recall all the details that led up to that request.

Q. Then, I show you a schedule that apparently accompanied that letter. Was that schedule made up

"importers to evade the Customs laws and to redu
to a minimum goods that are brought into the
country at an undervaluation, and contrary to the
dumping laws of Canada.

The Cotton Manufacturers have put their Tariff
suggestions in as concrete a form as possible,
realizing that only a short time can be given to
their study by the Government prior to the time
that the Prime Minister will have to leave to
attend the session of the British Empire Economic
Conference shortly to be held in London.

The Cotton Manufacturers will gladly supply
any additional information that the Government
may require in the way of explaining the Tariff
Rates now suggested."

Apparently, Mr. Dawson, you were transmitting this
letter with the accompanying schedule on behalf of
the cotton manufacturers of Canada? ... The letter
would seem to indicate that.

Q. You must recollect what took place at that
time, whether you were instructed by them to communicate
with the Government in regard to these matters?

A. I must have had a conversation with some of the
representatives of the other mills.

Q. Now, Mr. Dawson, you had far more than a
constitutional idea matters very intimately
what? A. I cannot recall all the details
that led up to that request.

Q. Then, I show you a schedule that apparently
accompanied that letter. Was that schedule made up

by the cotton manufacturers? No, that is the wrong one. It is not the one that accompanied that letter, at any rate. I show you a schedule marked "A, Group X". A. Is that dated?

Q. The only date that there is on it is a lead pencil date in the corner, August 27, 1930.

A. The date of my letter is what?

Q. What is the date of the letter?

ASSISTANT SECRETARY RENE: August 20th.

MR. McRUER: August 20th. A. These schedules give the old rates with the new rates suggested apparently.

Q. Yes, that is what you were doing with this letter, presenting this schedule to the Government as the new rates that you desired. Now, I think we better have the schedule marked as the next exhibit because we may have reference to them later on.

THE COMMISSIONER: 496.

EXHIBIT NO. 496: Schedule of rates.

BY MR. McRUER: Q. There is a memorandum attached in reference to the various mills of the Canadian Cotton Company. Let them go with 495. It is referred to in the letter. Now, can you tell me, Mr. Dawson, whether, on the whole, you secured the tariff protection that you had suggested in the schedule, or was it above or below what you asked?

A. I cannot recall without comparing the rates that were actually put into effect with these rates suggested but I imagine they were fairly -- corresponded fairly closely.

by the cotton manufacturers? No, that is the wrong one. It is not the one that accompanied that letter, at any rate. I show you a schedule marked "A, Group X".

Q. Is that dated?

A. The only date that there is on it is a lead pencil date in the corner, August 27, 1930.

Q. The date of my letter is what?

A. What is the date of the letter?

[illegible]

[illegible] schedules give the old rates with the new rates suggested apparently.

Q. Yes, that is what you were doing with this letter, presenting this schedule to the Government as the new rates that you desired. Now, I think we better have the schedule marked at the next exhibit because we may have reference to them later on.

[illegible]

EXHIBIT NO. 436: Schedule of rates.

BY MR. [illegible]: Q. There is a memorandum attached in reference to the various mills of the Canadian Cotton Company. Let them go with 436. It is referred to in the letter. Now, can you tell me, Mr. [illegible], in the [illegible] tariff in question that you had suggested in the schedule, or was it above or below what you asked?

A. I cannot recall without comparing the rates that were actually put into effect with these rates suggested but I imagine they were fairly -- corresponded fairly closely.

Q. Now, I do not want to tie you down, Mr. Dawson, that this schedule is exactly the same as you submitted it because there is typing on it and certain things are rubbed out and so on. I cannot say whether it was being worked on in the department for the purpose of working out what they were going to put in or not, but I am going to try and just put in another schedule which I have not had an opportunity to compare.

THE COMMISSIONER: Was this new schedule submitted at the same time or later on?

MR. McRUER: I am just going to ask Mr. Gordon about it. Mr. Gordon, I had asked you for the schedule of rates that were submitted in 1930 and you were good enough to supply Mr. Hooper this morning with this document.

MR. GORDON: Yes, I went over our old papers at that time and I found that with certain other pertinent covering letters referring to it, and that undoubtedly is our own office copy.

MR. McRUER: And the schedule made up at that time.

MR. GORDON. I don't know whether it went exactly in that form to Ottawa. That is what I found.

MR. McRUER: This is your office copy of the schedule made up at that time?

MR. GORDON: Yes.

MR. McRUER: You say you are not sure whether there may have been changes?

MR. GORDON: I think it would be the same.

THE COMMISSIONER: Does it appear to be the same?

Q. Now, I do not want to tie you down, Mr. Gordon that this schedule is exactly the same as you submitted it because there is typing on it and certain things are rubbed out and so on. I cannot say whether it was being worked on in the department for the purpose of working out what they were going to put in or not, but I am going to try and just put in another schedule which I have not had an opportunity to compare.

THE COMMISSIONER: Was this new schedule submitted at the same time or later on?

MR. MORDEN: I am just going to ask Mr. Gordon about it. Mr. Gordon, I had asked you for the concession of rates that were submitted in 1930 and you were good enough to supply Mr. Bryden this morning with this document.

MR. GORDON: Yes, I went over our old papers at that time and I found that with certain other pertinent covering letters referring to it, and that undoubtedly is our own office copy.

MR. MORDEN: And the schedule made up at that time?

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MR. MORDEN: This is your office copy of the schedule made up at that time?

MR. GORDON: Yes.

MR. MORDEN: You say you are not sure whether there may have been changes?

MR. GORDON: I think it would be the same.

THE COMMISSIONER: Does it appear to be the same?

Is it Typed?

MR. McRUER: It is typed. It is apparently almost a copy of the other but, as I say, I noticed in the other there have been certain things rubbed out and changed and I don't know when they were done.

THE COMMISSIONER: That one has no alterations?

MR. McRUER: It does not appear to have alterations.

MR. GORDON: It has pencil notations.

MR. McRUER: It has pencil notations, but they speak for themselves. I would like to put this in as the next exhibit. It comes from Mr. Gordon's files and we can compare them later on.

THE COMMISSIONER: This will be exhibit 497. That is from the Dominion Textile's files?

MR. McRUER: From the Dominion Textile's files, yes.

EXHIBIT NO. 497: Schedule of rates.

MR. McRUER: Then, I have, too, the memoranda that were attached to Mr. Dawson's letter of August, 1930, in which he makes some suggestions about drawback.

THE COMMISSIONER: Was it referred to in the letter?

MR. McRUER: It is referred to in the letter.

THE COMMISSIONER: Why not attach it to the letter?

MR. McRUER: Just add it to the letter.

MR. HOOPER: That is the brief that came from Mr. Gordon.

MR. McRUER: Oh well, then do not put that in. I do not seem to have that additional memoranda.

ASSISTANT SECRETARY RENE: Yes, you put it in.

Is it typed?

MR. McPHER: It is typed. It is apparently since a copy of the other but, as I say, I noticed in the other there have been certain things rubbed out and changed and I don't know when they were done.

THE COMMISSIONER: That one has no alternations?

MR. McPHER: It does not appear to have alterations.

MR. GARROW: It has pencil notations.

MR. McPHER: It has pencil notations, but they speak for themselves. I would like to put this in as the next exhibit. It comes from Mr. Gordon's files and we can compare them later on.

THE COMMISSIONER: This will be exhibit 497.

That is from the Dominion Textile's files?

MR. McPHER: From the Dominion Textile's files.

EXHIBIT NO. 497: Schedule of rates.

MR. McPHER: Then, I have, too, the memoranda that were attached to Mr. Gordon's letter of August, 1950, in which he makes some suggestions about arrangements.

THE COMMISSIONER: Was it referred to in the letter?

MR. McPHER: It is referred to in the letter.

THE COMMISSIONER: Why not attach it to the letter?

MR. McPHER: Just add it to the letter.

MR. MURPHY: That is the letter that came from Mr. Gordon.

MR. McPHER: Well, that is not just same in.

I do not seem to have that additional memoranda.

MINISTER MONTGOMERY: Can you put it in.

MR. McRUER: There was a reference in the letter to drawbacks and so on.

MR. HOOPER: This from Mr. Gordon's files.

MR. McRUER: I do not want to put it in as coming from Mr. Dawson. We can put it in as coming from Mr. Gordon later on. It may be the same thing. Then, I just want to complete some correspondence about this time, and I am not going to take your time, Mr. Dawson, or the Commission's time to read them all over at present, but just to complete your representations made at that time. I show you a letter dated September 4, 1930 from yourself to Mr. Bennett; that is your signature? A. That is right.

THE COMMISSIONER: Are all those addressed to Mr. Bennett?

MR. McRUER: Yes, my lord, three all dated September 4th, 1930.

THE COMMISSIONER: Better put them all together. How many are there?

MR. McRUER: There are three, my lord.

THE COMMISSIONER: Put them in as one exhibit.

BY MR. McRUER: Q. That is your signature? A. Right.

THE COMMISSIONER: Exhibit 498.

EXHIBIT NO. 498: Four letters from A.O.Dawson to Hon. R.B.Bennett dated September 4, 1930.

BY MR. McRUER: Q. This is your signature? A. Right.

Q. There are four letters, my lord.

THE COMMISSIONER: What did you say the date was?

MR. MORDEN: There was a mechanic in the Yukon to overhauls and so on.

MR. HOWSON: This from Mr. Gordon's files.

MR. MORDEN: I do not want to put it in as coming from Mr. Dawson. We can put it in as coming from Mr. Gordon later on. It may be the same thing. There is [illegible] correspondence about this time, and I am having [illegible] time to read them all over or the Commission's time to read them all over at present, but just to [illegible] at that time. I show you a letter dated September 1890 from yourself to Mr. Gamsby; that is your signature?

A. That is right.

THE COMMISSIONER: Are all these addressed to Mr. Gamsby?

MR. MORDEN: Yes, my Lord. These all dated September 4th, 1890.

THE COMMISSIONER: Better put them all together. How many are there?

MR. MORDEN: There are three, my Lord.

THE COMMISSIONER: Put them in as one exhibit.

BY MR. MORDEN: Q. That is your signature?

A. Right.

THE COMMISSIONER: Exhibit 4?

EXHIBIT 4: Part of Gamsby Dawson to Mr. Gamsby dated September 4, 1890.

BY MR. MORDEN: Q. This is your signature?

A. Right.

Q. These are from Lewiston, Mr. Jacobs.

MR. COMMISSIONER: What did you say the date w

MR. McRUER: September 4, 1930. There is just one paragraph, paragraph four in one of the letters I wish to refer to.

"4. It is earnestly hoped that Parliament will give the Minister of Customs or some other official of the Government the power to increase the price of any line of goods for duty purposes where there is evidence or suspicion that such goods are being dumped into Canada or that the price shown on the invoice is below the cost of production of similar goods in Canada."

THE COMMISSIONER: Was not all that looked after in the tariff?

MR. McRUER: I do not think it went this far.

THE COMMISSIONER: Dumping?

MR. McRUER: I know, but this says "where the price shown on the invoice is below the cost of production of similar goods in Canada."

THE COMMISSIONER: Oh, in Canada.

MR. McRUER: That is asking for something a little different.

THE COMMISSIONER: Oh, yes.

MR. McRUER: "A fair basis of the cost of production of similar goods in Canada could be the actual factory cost plus say 20% for general overhead expenses."

Now, I desire to have you identify some other letters that I wish to put on the record but not read at this time. This is your signature? A. That is right.

Q. From Mr. Dawson to Mr. Ryckman, dated the 14th

Mr. GOOD: Mr. Speaker, I, too, have it here in one paragraph, paragraph four in one of the letters I wish to refer to.

"4. It is earnestly hoped that Parliament will give the Minister of Customs or some other official of the Government the power to increase the price of any line of goods for duty purposes where there is evidence or suspicion that such goods are being dumped into Canada or that the price shown on the invoice is below the cost of production of similar goods in Canada."

THE COMMISSIONER: Was not all that looked after in the tariff?

Mr. McPHEE: I do not think it went this far.

THE COMMISSIONER: Dumping?

Mr. McPHEE: I know, but this says "where the price shown on the invoice is below the cost of production of similar goods in Canada."

THE COMMISSIONER: Yes, in Canada.

Mr. McPHEE: That is asking for something a little different.

THE COMMISSIONER: Yes, yes.

Mr. McPHEE: "A fair basis of the cost of production of similar goods in Canada could be the actual factory cost plus say 30% for general overhead expenses."

Now, I desire to have you identify some other letters that I wish to put on the record but not read at this time. This is your signature? A. That is right.

Q. From Mr. Dawson to Mr. Hyslop, dated the 1st

of November, 1931.

THE COMMISSIONER: Exhibit 499, from the witness to whom?

MR. McRUER: To Mr. Ryckman.

THE COMMISSIONER: That is one of the Ministers?

MR. McRUER: The Minister of National Revenue.

THE WITNESS: That was Dr. Ryckman.

EXHIBIT NO. 499: Letter dated November 14, 1931 from A.O.Dawson to Hon E.B. Ryckman. Also letter of November 17,1931.

MR. McRUER: Another letter dated the 17th of November, 1931. They might be put together in the same exhibit.

THE COMMISSIONER: What are the dates?

MR. McRUER: The 14th of November and the 17th of November, my lord.

THE COMMISSIONER: 1931?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Alright.

MR. McRUER: One reference in the letter of the 17th of November, 1931 --

" I would like to assure you that if our request made to you on the 14th instant is made effective, asking that dumping values be applied to certain classes of goods that come into very serious competition with the products of our mills, we have no thought of issuing a new and higher price list.

There would be one exception to this in the case of Artificial Silk cloths being imported from Japan in large quantities. The prices at

of November, 1921.

THE COMMISSIONER: Exhibit 499. From the witness to whom?

MR. MORAN: To Mr. Bryenson.

THE COMMISSIONER: That is one of the Ministers?

MR. MORAN: The Minister of National Revenue.

THE WITNESS: That was Mr. Bryenson.

EXHIBIT NO. 499: Letter dated November 1a, 1921 from A.D.Bawson to Hon. E.N. Rhyenson, Min. letter of November 17,19

MR. MORAN: Another letter dated the 17th of November, 1921. They might be put together in the same exhibit.

THE COMMISSIONER: What are the dates?

MR. MORAN: The 14th of November and the 17th of November, my lord.

THE COMMISSIONER: Right.

MR. MORAN: Yes, my lord.

THE COMMISSIONER: Alright.

MR. MORAN: One reference in the letter of the 1 of November, 1921 --

I would like to assure you that if our remar made to you on the 14th instant is made effecti making that dumping values be applied to certain classes of goods that come into very serious competition with the products of our mills, we have no thought of issuing a new and higher price list.

There would be one exception to this in the case of [illegible] [illegible] from Japan in large quantities. The prices at

"which these goods are being laid down in Canada are so much below the cost of production that to get back into the business we would be compelled to ask a price somewhat higher than that asked for the Japanese cloths. However, to get again into operation our mills making these goods we would be willing to sell these Rayons at actual cost."

Did you do that, Mr. Dawson? A. Yes, the record of the mills shows we sold below cost.

Q. You have been selling rayons below cost? A. Not all of them, some of them have been.

Q. Some of them have been selling below cost? A. Yes, the record of the St. Croix mill would indicate that.

Q. Were you selling some of them below cost right up to 1935? A. Well, I would have to have that checked line by line to make sure of that, but from the general showing of the mill I should think so, except last year, it seemed as if we had got away from figures.

Q. Are you just judging by your profits and losses rather than your knowledge of whether you were actually selling below cost or not? A. Yes, that would have to be studied line by line. I am only judging by the general record of the mill. There may have been some lines that were profitable and some lines that were not.

Q. You go on in this letter --

" We fully recognise that you are giving us this assistance, not primarily to increase our profits,

"which these goods are being laid down in Canada are so much below the cost of production that to get back into the business we would be compelled to ask a price somewhat higher than that asked for the Japanese cloths. However, to get again into operation our mills making these goods we would be willing to sell these Rayons at actual cost."

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Q. You go on in this letter --

"We fully recognize that you are giving us this assistance, not primarily to increase our profits

"much as we need this, but rather to enable our mills to engage a larger number of workers and to give those who are in our employ their wages for more than two or three days each week."

As a matter of fact, have you as many men working in your mills to-day as you had in 1929? A. Well, I think that record ought to be studied too, because it is dangerous making statements that you are not quite clear about. I should imagine we would have about the same.

Q. Are you quite sure? You might just get for me the number of men on your pay roll -- oh, I think I have that. I think I can help you, I have got your Census of Industry reports.

THE COMMISSIONER: You mean the number of men on the pay roll without taking into consideration the hours they work or the days they work.

THE WITNESS: That is a comparison between 1930 and--

BY MR. McRUER: Q. Wait a minute, I think I can give it to you. Oh, this just up to 1934. Well, your return for 1930 shows the total -- oh, this is different mills, though; I would have to go through them and summarize them. A. There is no reason why we should not prepare that, the number of employees working in 1936 as compared with 1930?

Q. Yes. Attached to this letter is a clipping which compares the wages and hours of labour -- no, the wages and the hourly rate in different countries -- no, in Germany, at this time. This is a publication of the National Association of Cotton Manufacturers, Bulletin number 139. I see the average hourly earnings

"much as we need this, but rather to enable our mills to engage a larger number of workers and to give those who are in our employ their wages for more than two or three days each week."

As a matter of fact, have you as many men working in your mills to-day as you had in 1929? A. Yes. I think that record ought to be studied too, because it is dangerous making statements that you are not quite clear about. I should imagine we would have about the same.

Q. Are you quite sure? You might just get for me the number of men on your pay roll -- oh, I think I have that. I think I can help you. I have got your Census of Industry reports.

THE COMMISSIONER: You mean the number of men on the pay roll without taking into consideration the hours they work or the days they work.

THE WITNESS: That is a comparison between 1930 and

BY MR. HOWDEN: Q. Wait a minute. I think I can give it to you. Oh, this just up to 1934. Well, your return for 1930 shows the total -- oh, this is different mills, though; I would have to go through the and summaries then. A. There is no reason why we should not prepare that, the number of employees working in 1930 as compared with 1929?

Q. Yes. Attached to this letter is a clipping which compares the wages and hours of labour -- no, the wages and the hourly rate in different countries -- no, in Germany, at this time. This is a publication of the National American Line of Cotton Manufacturers,

in cents per hour are for the male worker, 20.9 and hours of labour were 40.14, and female hours of labour 40.53. Weavers 41 hours, female weavers 41 hours; the average hourly rate for female weavers in Germany was 16.2 cents. Male spinners 22.9 cents, female 13.6 cents, assistant spinners, male, 16.8 cents, female 11.1 cents. In your letter you make reference to their weekly wages and the weekly wage you are paying here, but not much said about hourly wage? A. We were working during all these years on a basis of 50 hours a week when running on full time.

Q. Then, I show you another letter dated the 9th of April, 1932. Do you recognize Mr. Tolmie's signature? A. Yes, that is right.

Q. This is to Mr. R. P. Sparks.

THE COMMISSIONER: Letter from Mr. Tolmie will be exhibit 500.

EXHIBIT NO. 500: Letter from R.G.Tolmie to R.P.Sparks dated April 9, 1932.

MR. McRUER: It is to Mr. Sparks. I don't know how that got into the departmental files.

THE COMMISSIONER: What date is that?

MR. McRUER: The 9th of April, 1932, my lord. Now, I want to deal with some correspondence that has taken place in the latter part of 1935 and the beginning of 1936. There was a file put in yesterday, Mr. Whiteley, a number of letters put in, copies, and I do not want to duplicate them. It is a little difficult

in cents per hour are for the male worker, 20.9 and hours of labour were 40.14, and female hours of labour 40.[illegible]. Weavers at looms, female average 41 hours; the average hourly rate for female weavers in Germany was 16.2 cents. Male spinners 22.9 cents, female 14.0 cents, female of spinners, male, 14.4 cents, female 11.1 cents. In your letter you make reference to their weekly wages and the weekly wage you are paying here, but not much said about hourly wage? A. We were working during all these years on a basis of 50 hours a week when running on full time.

Q. Then, I show you another letter dated the 9th of April, 1932. Do you recognize Mr. Tolmie's signature? A. Yes, that is right.

Q. This is to Mr. R. P. Sparks.

THE PRESIDENT: Will you give Mr. Tolmie's letter be exhibit 500.

EXHIBIT NO. 500: Letter from R.F.Tolmie to R.P.Sparks dated April 9, 1932.

MR. MORGAN: It is to Mr. Sparks. I don't know how that got into the departmental files.

THE COMMISSIONER: What date is that?

MR. MORGAN: The 9th of April, 1932, my lord. Now, I want to deal with more correspondence that has taken place in the latter part of 1930 and the beginning of 1931. There was a file put in yesterday, Mr. Whitelaw, a number of letters put in, copies, and I do not want to duplicate them. It is a little difficult

for me to follow just the ones that went in. I wonder if you could get them out and if the letters that I refer to are in I do not want to have them put in again. The first letter is June 4th, 1935 from Mr. Lawson to Mr. Hanson -- no, I beg your pardon, June 13th.

ASSISTANT SECRETARY RENE: June 13th is in.

MR. McRUER: That is in; what exhibit number.

ASSISTANT SECRETARY RENE: 462.

BY MR. McRUER: Q. Now, referring to exhibit number 462, a letter from yourself to Mr. Hanson, dated June 13th, 1935, which has been read, and you are dealing with Japanese wages and so on and you go on to say --

"After reading this article I think you will agree with me that it would be fatal to the textile industry of Canada if it is made easier, even to a small degree, for Japanese cotton mills to sell their products in Canada. As I stated in one of my earlier letters, largely because of British competition we are only able to operate our mills at the present time from three to four days per week, and therefore it is quite clear that if we have to reduce our production further still because of Japanese competition our workers will be drawing starvation wages and the industry itself will be in extreme danger of annihilation."

Was it a fact that it was because of British competition that you were only able to operate your mills three or four days a week? A. It is largely so.

for me to follow just the ones that went in. I wonder if you could get them out and if the letters that I refer to are in I do not mean in your time but in the Fixed Index in June 4th, 1935 from Mr. Davison to Mr. Hanson -- no, I beg your pardon, June 13th.

Mr. McRae: That is in; what exhibit number.

BY MR. McRAE: Q. Now, referring to exhibit number 46, a letter from yourself to Mr. Hanson, dated June 13th, 1935, which has been read, and you are dealing with Japanese wages and so on and you go on to say --

After reading this article I think you will agree with me that it would be fatal to the textile industry of Canada if it is made easier, even to a small degree, for Japanese cotton mills to sell their products in Canada. As I stated in one of my earlier letters, largely because of British competition we are only able to operate our mills at the present time from 3½ to four days per week, and therefore it is quite clear that if we have to reduce our production further still, because of Japanese competition our workers will be drawing starvation wages and the industry itself will be in extreme danger of annihilation."

The idea that it was because of British competition that we were only able to operate our mills three or four days a week?

A. It is usual so.

Q. Pardon? A. Largely so. We were never able to get that dump applied.

BY THE COMMISSIONER: Q. What dump? A. The Bennett Government, after the Ottawa agreement was entered into, seemed to be particularly sensitive about discussing the question of dumping values, of fictitious values that we claimed existed.

Q. Pardon me, you are speaking of British goods? A. British goods; our claim was --

Q. Dumping values; do you mean the values showed the selling price in Canada less than that of Great Britain? A. It was our belief that was so, but even if that were not so, the fact is that some of our larger competitors in England, although they sign invoices throughout the year to the effect that these goods were made at a reasonable profit, and are at the same price as in the country of origin, which was England, at the end of the year they showed enormous losses. One concern that was one of our chief competitors --

Q. Enormous losses on their exports? A. No, on their entire business, when they produced their annual statements; presumably they were selling goods at a loss either in Canada or elsewhere because their financial statements showed they had made terrific losses.

Q. Perhaps they were selling them at a loss right at home? A. There may have been that too It is not likely when they were anxious to get export trade, the supposition is that the British exporter or

Q. Further? A. Largely so. We were never able to get that dump applied.

BY MR. CAMERON: Q. What dump? A. The Canadian Government, after the Ottawa agreement was entered into, seemed to be particularly sensitive about discussing the question of dumping values, or fictitious values that we claimed existed.

Q. Leaving aside the question of dumping, you are speaking of British goods? A. British goods; our claim was --

Q. Dumping values; do you mean the values shown on British invoices were lower than that of goods of Britain? A. It was our belief that was so, but even if that were not so, the fact is that some of our larger competitors in England, although they sent invoices throughout the year to the effect that these goods were made at a reasonable profit, and are at the same price as in the country of origin, which was England, at the end of the year they showed enormous losses. One concern that was one of our chief competitors --

Q. [illegible] on their entire business, when they produced their annual statements; presumably they were selling goods at a loss either in Canada or elsewhere because their financial statements showed they had made terrific losses.

Q. Perhaps they were selling them at a loss right at home? A. There may have been that. It is not likely when they were anxious to get export trade, the supposition is that the British exporter --

manufacturer would certainly sell abroad because of competition perhaps a little lower than he would sell at home.

Q. This has reference to cottons, I suppose?

A. This has reference to cottons, yes; yes, principally the cottons.

BY MR. McRUER: Q. Did you ever make a complaint to the department of any instance where British goods were being sold in the Canadian market at less than the value for home consumption? A. I believe that such complaints were made.

Q. Do you know of any complaint that was made?

A. I have not any memory of any specific instance.

Q. And that was unsatisfactorily investigated by the officials of the department; can you draw our attention -- I invite you to draw the attention of this Commission to any complaint that was put before the department that was unsatisfactorily investigated by the officials of the department?

A. I will try and discover that. I cannot at this moment recollect it, any such instance.

Q. I am putting it this way, we are inviting you to do it and if you do not do it we will assume that you have not been able to discover any such complaints? A. It was generally --

Q. I do not want generalities. I want the Canadian Cotton's complaint. You have made a serious charge against the customs officials, and that is, they were not applying the dumping duties in Canada, and I want you to substantiate that charge

manufacturer would certainly call abroad because competition permits a little lower than he would at home.

Q. This has reference to customs, I suppose?

A. This has reference to customs, yes; yes, primarily the customs.

MR. McGREER: Q. Did you ever make a complaint to the department of any instance where British wares being sold in the Canadian market at less than the value for home consumption?

A. I believe that such complaints were made.

Q. Do you know of any complaint that was made?

A. I have not any memory of any specific instance.

Q. And that was satisfactorily investigated by the officials of the department; and you cannot give us a single instance -- I leave you to face the statement as it has been made -- a single instance where the department has investigated it satisfactorily?

A. I will say one thing about that: I cannot at the moment recollect it, any such instance.

Q. I am putting it this way, we are investigating to do it and if you do not do it we will have to do it ourselves.

A. It was generally --

Q. I do not want generalities. I want the Canadian citizen's complaint. The firm made a serious charge against the customs officials, and that is, they were not applying the tariff in Canada, and I want you to

or be prepared at some later stage of the Commission to withdraw it? A. I will try and find it. Certainly we had that feeling; whether we put it in writing or not, I don't know.

Q. If the feeling was not any stronger than just a feeling, and you did not make any specific complaint or have anything to found it on, then you cannot make a charge that the customs officials were not doing their duty? A. I know the question, I discussed that with the Imperial Conference or at least the Chambers of Commerce of the Empire, and I made the statement there to the British exporters or manufacturers of cotton goods --

BY THE COMMISSIONER: Q. What statement? A. That was in --

Q. What statement did you make? A. A statement to the effect that goods, we believed, were coming into Canada at values less than the goods --

Q. You mean with false invoices? A. No, sir, no, than their goods were being sold.

Q. You said a moment ago the invoices certified certain things? A. They certify them. Of course, it is very difficult for the manufacturer. You see, the man who finally ships the goods into Canada may have made some profit but the difficulty is in our case in Canada that the manufacturer here does the whole thing. He produces the yarn, he weaves it, he dyes it, he finishes it, he ships it. In England all these processes are, generally speaking, under different management. One man will spin,

or be prepared at some later stage of the Commission to withdraw it? A. I will try and find it. Certainly we had that feeling; whether we put it in writing or not, I don't know.

Q. If the feeling was not any stronger than just a feeling, and you did not make any specific complaint at the -- [illegible] we find it, then you cannot make a charge that the customs officials were not doing their duty? A. I know the question. I discussed that with the Imperial Conference at least the Chambers of Commerce of the Empire, and I made the statement there to the British exporters or manufacturers of cotton goods --

BY THE CHAIRMAN: Q. What statement? A. I was in --

Q. What statement did you make? A. A statement to the effect that goods, we believed, were coming into Canada at values less than the goods --

Q. You mean with false invoices? A. Yes, sir; no, than their goods were being sold.

Q. You said a moment ago the invoices certified certain things? A. They certify them. Of course, it is very difficult for the manufacturer. [illegible] Canada may have made some profit but the difficulty is in our case in Canada that the manufacturer here does the whole thing. He produces the yarn, he weaves it, he dyes it, he finishes it, he ships it. In Canada all these processes are [illegible] [illegible] Q. [illegible] with yarn.

another man will weave, another man will finish, another man will dye, another man will ship. It might be the shipper was making a perfectly honest and honourable statement, but if you can follow that down the line to the point where it was first produced, in the yarn, we felt it would be found in some cases these goods were sold without profit.

Q. Sold without what? A. Sold without profit, and what we always felt, my lord, was that a prosperous British manufacturer -- if the industry, the cotton industry of England was prosperous it would be the greatest asset we could have here because goods would be sold -- being sold at a profit would naturally carry the duty on the higher value. It has been our impression, rightly or wrongly, they were sold below, either below cost or at a very very narrow margin of profit due to the fact we were justified in that feeling, I think, by looking at the records of the British mills. They have been trying to meet competition from Japan and other countries. They have been having a very desperate time, and if you will take the trouble to examine the annual reports of these British mills it is pathetic to see the losses they have sustained during the years.

Q. Suppose some British manufacturer of one of the processes did take a loss, how does that make it dumping? The general meaning of dumping is selling abroad at a less price than you sell at home? A. The point was, had he sold his

another man will weave, another man will finish, another man will dye, another man will ship. It might be the shipper was making a perfectly honest and honourable statement, but if you can follow that down the line to the point where it was first produced, in the yarn, we felt it would be found in some cases these goods were sold without profit.

Q. Sold without what? A. Sold without profit, and what we always felt, my lord, was that a prosperous British manufacturer -- if the industry, the cotton industry of Sir Jaud was prosperous it would be the greatest asset we could have here because goods would be sold -- being sold at a profit, would naturally carry the duty on the higher value. It has been our impression, rightly or wrongly, they were sold below, either below cost or at a very very narrow margin of profit due to the fact we were justified in that feeling, I think, by looking at the records of the British mills. They have been trying to meet competition from Japan and other countries. They have been having a very desperate time, and if you will take the trouble to examine the annual reports of these British mills it is pathetic to see the losses they have sustained during the years.

Q. Judging from certain documentary evidence of one of the processes did we see a loss, how does that make it dumping? The general meaning of dumping is selling goods at a lower price than you sell at home? A. The point was, had he sold his

yarn say to the weaver at a profit the weaver then would have to ask x higher for his product, and eventually it would be shipped out of the country or sold to the consumer --

Q. So long as the price in England was not greater than the price, the shipping price, the export price, how could there be a dump?

A. Well, our impression has been that the cost all the way through the British manufacture was lower than justified because he was selling at a loss.

Q. I quite understand you; you say because the price on the British market represents a loss to somebody in some class of manufacture?

A. Yes, we should judge that.

Q. So long as that price is not greater than the price offered in Canada how do you call it dumping, or is this one of the many views of what the word dumping means? A. I think in one of my letters I suggested that the value for duty purposes should be somewhat akin to the cost in Canada.

Q. Now the customs officials are faced all the time with that, and I have understood dumping to mean selling your surplus abroad at a less price than you have got at home? A. Of course, an appraiser, no one appraiser can possibly put a proper value -- can tell what the value of goods is when the margin is so small between qualities. That man would have to be a real expert, and with these goods passing through his department every

yarn say to the weaver at a profit the weaver then would have to set a higher for his product, and ultimately it would be dropped out, if he charged it will to the consumer --

Q. So long as the price in England was not greater than the price, the shipping price, the export price, how could there be a dumpf

A. Well, our impression has been that the cost all the way through the British manufacture was lower than justified because he was selling at a loss.

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Q. Now the customs officials are there all the time right here and I see no reason for their to see anything your manufacture abroad at a less price than you have got at home? A. Of course, an appraiser, no one appraiser can possibly put a proper price -- not full and the value of goods is what the price is in an ordinary open [illegible], that man would have to be a real expert, and with

day it is impossible for him to tell. For instance, I have known a case of ginghams, a case in point, where gingham was at 10 cents and an English shipper wanted to dispose of certain stocks that he had, and he offered them to a certain house here, a wholesale house, from whom I gained the information, and the buyer said he was not interested, but, he said "make me an offer" and the buyer stated "I would not make you an offer because it would appear ridiculous." He went away and a cable came, so I was advised, came back, "please make ridiculous offer." In other words, these goods were offered, if my memory serves me right, at six cents.

Q. Whereas they were being offered in England at ten cents? A. Ten cents.

Q. That was dumping; I understand that.

A. My point was if these goods were invoiced at six cents to Canada you cannot expect the appraisers with their knowledge of goods to know, unless their attention was called to it, that these goods were worth ten cents instead of sixx. The machinery is not available to check that sort of thing.

BY MR. McRUER: Q. Why not call their attention to it? A. I am satisfied there has been attention called to it.

Q. In this particular case that you told us about did you bring it to the attention of the department? A. No, these goods, even at the low price, this particular buyer did not buy the goods. He could have bought them.

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Q. Whereas they were being offered in England at ten cents? A. Ten cents.

Q. [illegible]

A. My point was if these goods were invoiced at six cents to Canada you cannot expect the appraisers with their knowledge of goods to know, unless their attention was called to it, that these goods were worth ten cents instead of six. The machinery is not available to check that sort of thing.

BY MR. MONAGHAN: Q. Why not call their attention to it? A. I am satisfied there has been attention called to it.

Q. In this particular case that you told us about did you bring it to the attention of the department? A. No, these goods, even at the low price, this particular buyer did not buy the goods. He could have bought them.

Q. He could not buy them at the ridiculous price then. He was to make a ridiculous offer and he made the ridiculous offer and it was not accepted.

BY THE COMMISSIONER: Q. I understood somebody bought them at six cents? A. I don't know that. This man said he could have bought them at six cents.

BY MR. McRUER: Q. As a matter of fact, you sell goods below cost of production? A. Sometimes.

Q. You want to get rid of a line and you sell them below the cost of production? A. Yes.

Q. Why shouldn't they do it in England on certain lines too? Why shouldn't the Canadian consumer have the right to buy with a reasonable margin of protection? A. If we attempted to ship these abroad we would not be allowed to do it, we would have to put on the price for home consumption, as the price for export.

BY THE COMMISSIONER: Q. That is the point; whas is your price for home consumption? If you take a loss, if you are willing to take a loss you make that the price for home consumption? A. My lord, if we had to export these goods -- we have not got the business, any export bueinsss -- but if we wanted to export these goods the duty would be collected in the country of shipment not at the export price but at the price we were selling the goods at here.

Q. You say you still -- you sell them here at a loss? A. In some cases.

Q. Well now, if you shipped them abroad so long as your price abroad is not less than your price here you are not charged with dumping? A. Not

Q. He could not buy them at the ridiculous price then. He was in such a ridiculous offer and he made the ridiculous offer and it was not accepted.

BY THE COMMISSIONER: Q. I understood somebody bought them at six cents? A. I don't know that. This man said he could have bought them at six cents.

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BY THE COMMISSIONER: Q. That is the point; what is your price for home consumption? If you take a loss, if you are willing to take a loss you make that the price for home consumption? A. My lord, if we had to export these goods -- we have not got the business, any export business -- but if we wanted to export these goods the duty would be allowed in the country of shipment not at the export price but at the price home selling had been at here.

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Q. Well now, if you shipped them abroad so long as your price abroad is not less than your price here you are not charged with dumping? A. Not

if we sold them at home prices.

Q. Then if here you are selling at a loss why cannot the Englishman do the same thing?

A. Apparently he does.

Q. I don't see how you call that dumping, how you blame the customs officials for not doing something about it? A. The point I was trying to make is the duty we are supposed to be getting on these goods is not effective if the goods for any reason are invoiced below price.

Q. I can understand you asking for a re-arrangement of duties to cover that. I cannot understand you blaming the customs officials for dereliction of duty. A. There once was a dumping law made but it was practically never exercised.

BY MR. McRUER: Q. I just want to ask you one question before we adjourn. You said you had said in the letter that the value for duty should be something akin to the cost in Canada. Do you adhere to that proposition? A. It would be an ideal condition.

Q. That is what you would like to have?

A. Yes.

THE COMMISSIONER: That is what you asked Mr. Dawson earlier this morning.

MR. McRUER: No, he is giving us something higher now. He says the value for duty should be something akin to the cost in Canada. Well, if the value for duty was akin to the cost in Canada there would not be much chance of getting over that hurdle. You

as we pay them at Lake Ontario.

Q. Then if here you are selling at a loss why cannot the Englishman do the same thing?

A. Apparently he does.

Q. I don't see how you call that dumping, how you blame the customs officials for not doing something about it? A. The point I was trying to make is the duty we are supposed to be getting on these goods is not effective if the goods for any reason are invoiced below price.

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Q. That is what you would like to have?

A. Yes.

THE COMMISSIONER: That is what you asked Mr. Dawson yesterday.

MR. McDUFF: No, he is giving us something higher now. He says the value for duty should be something akin to the cost in Canada. Well, if the value for duty was akin to the cost in Canada there would not be much chance of getting over that hurdle. Yo

say that would be the ideal situation? A. Our American friends do that.

Q. Well, you say that, but I cannot find that that is true except on the question of mats. But, is that what you desire or would like to have, that the value for duty be akin to the cost of production in Canada? A. On the basis of our selling it would not make any difference because we only take our costs. It would mean we would have the market. The duty would be high enough then to enable us to get our cost.

Q. Is that what you want? A. We would not ask any more than the cost of our goods based on our costing system.

Q. We have had it repeated time and again that you would never ask a thing more than you should just get based on your cost system, but what I am getting at is, is that what you contend that you ought to have, and would like to get it, and would take it if you could get it, that the value for duty be akin to the cost of production in Canada? A. We are not asking that.

Q. Well, you said you had asked it in a letter. I am trying to get you down to some view. You are the head of one of these large organizations of Canada and I cannot pin you down to what you do want? A. Well, we have not been asking for anything higher than what we were getting under the Bennett tariff.

Q. Then, you would be perfectly happy if things

say that would be the ideal situation? A. One

[illegible] Q. Well, you say that, but I cannot find that that is true except on the question of costs. But, is that what you desire or would like to have, that the value for duty be akin to the cost of production in Canada? A. On the basis of our selling it would not make any difference because we only take our costs. It would mean we would have the market. The duty would be high enough then to enable us to get our costs.

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Q. Then, you would be perfectly happy if things

could remain as they were under the Bennett tariff?
A. Surely. That is what we have in that memorandum.

Q. I think I will be able to show before I am through that that was formulated very much on the doctrine that you are propounding, and that was to give the Canadian market to the Canadian manufacturers.

BY THE COMMISSIONER: Q. What you have just said applies to the British preference under the former tariff as well? A. Pardon.

Q. What you have just said applies to the British preference as it was up until recently?
A. Yes, the British preference as it existed prior to the last budget.

MR. McRUER: You did a lot of complaining about that.

BY THE COMMISSIONER: Q. You were complaining all the time? A. We were not as happy -- we believed that conditions existed, world conditions, and the competition from England was keener than it would be had they been making money selling at a profitable basis over there. You have to meet special conditions with special situations.

BY MR. McRUER: Q. Can you tell me, Mr. Dawson, how many companies you are a director of?
A. Not very many.

Q. You are a director of one of the banks?
A. Yes.

Q. Canadian Cottons? A. Yes, and Belding Corticelli.

Q. You are a director of that? A. I am president.

would result in the same value and security.

A. Surely. That is what we have in that memorandum.

Q. I think I will be able to show before I am through that that was formulated very much on the doctrine that you are propounding, and that was to give the Canadian market to the Canadian manufacturer by the adoption of a tariff. Now, we have just said applies to the British preference under the former tariff as well?

A. Dawson.

Q. What you have just said applies to the British preference as it was up until recently?

A. Yes, the British preference as it existed prior to the last budget.

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A. We were not so happy -- we believed that [illegible] and the competition from England was heavier than it would be had they been making money collier at a profitable basis over there. You have to meet special conditions with special situations.

BY MR. McRUER: Q. Can you tell me, Mr. Dawson, how many companies you are a director of?

A. Not very many.

Q. You are a director of one of the banks?

A. Yes.

Q. [illegible] Yes, and [illegible] [illegible].

Q. You are a director of that?

A. I am proud

Q. Oh, I thought we were dealing with a foreign customer. Well, I see; are there any other textile companies that you are a director of?

A. No.

Q. Well now, Mr. Dawson, as being a man of that business acumen that has qualified you for these positions can you not be a little bit more specific? You have told us you would be satisfied with the customs duties as they were under the Bennett tariffs, as we call them --

THE COMMISSIONER: That includes the British.

BY MR. McRUER: Q. That includes the British preference but still you were complaining when this was in effect. Now, why were you complaining if it was not just putting up a sort of false barrage to the public, if you are satisfied? A. I don't think we have asked, since that duty was put in by the Bennett Government,-- we have not asked for further protection.

Q. You have complained and complained repeatedly about the competition you were getting from Great Britain? A. Well, you always complain about conditions if they are bad but that does not mean you are asking for amelioration. I do not think there is anything on record where we asked for further duties on British goods.

BY THE COMMISSIONER: Q. Take article 561, for instance; did you not ask for an increase there against British goods? A. I cannot recall that.

Q. Oh, I thought we were dealing with a foreign customer. Well, I see: are there any other textile companies that you are a director of?

A. No.

Q. Well now, Mr. Dawson, as being a man of that business acumen that has qualified you for these posts one can not be a little bit more specific? You have told us you would be satisfied with the customs duties as they were under the Bennett tariffs as we call them --

THE COMMISSIONER: That includes the British.

BY MR. McGUIRE: Q. That includes the British preference but still you were complaining when this was in effect. Oh, you were just kidding us if it was not just putting up a sort of false barrage to the public, if you are satisfied? A. I don't think we have asked, since that duty was put in by the Bennett Government,-- we have not asked for further protection.

Q. You have complained and complained repeatedly about the competition you were getting from Great Britain? A. Well, you always complain about conditions if they are bad but that does not mean you are asking for amelioration. I do not think there is anything on record where we asked for further duties on British goods.

BY THE COMMISSIONER: Q. Take article 631, for instance; did you not ask for an increase there against British goods? A. I cannot recall that.

BY MR. McRUER: Q: Didn't you ask for a fixed valuation on British goods under 561. A. What does that item cover?

Q. 561 is woven fabrics.

BY THE COMMISSIONER: Q. Solely or partly of artificial silk. A. Is that rayon?

Q. Under the British preference the tariff was 27½% plus 30 cents specific, and in one of your letters you said that was not sufficient?

A. As I recall it, my lord, it was a case of the condition that prevailed on the yarn being offered by Britain at lower prices than were over here.

BY MR. McRUER: Q. That was before 1932; since 1932 didn't you ask for a fixed valuation?

THE COMMISSIONER: I think as I remember the letter Mr. Dawson asked that the specific duty be increased from 30 cents to 35 cents and the ad valorem from 27½% to 30%.

MR. McRUER: Yes. That was when the tariff as against Great Britain was higher than they were after 1932. You were asking for increases.

THE COMMISSIONER: Well, we will adjourn.

-- The Commission adjourned at 12.40 p.m. to resume at 2 o'clock p.m.

(page 7345 follows)

BY MR. McHUGH: Q. Didn't you ask for a fixed valuation on British goods under 561. A. What [illegible] does mean?

Q. 561 is [illegible].

BY THE COMMISSIONER: Q. Solely or partly or [illegible]. A. [illegible]

Q. Under the British preference the tariff was 27½% plus 30 cents specific, and in one of your letters you said that was not sufficient?

A. As I recall it, my lord, it was a case of the condition that prevailed on the yarn being offered by Britain at lower prices than were over here.

BY MR. McHUGH: Q. What was before 1928; since 1932 didn't you ask for a fixed valuation?

[illegible]

Mr. Dawson asked that the specific duty be increased from 30 cents to 35 cents and the ad valorem from 27½% to 30%.

MR. McHUGH: Yes. That was when the tariff as against Great Britain was higher than they were after 1932. You were asking for increases.

THE COMMISSIONER: Well, we will adjourn.

-- The Commission adjourned at 12.40 p.m. to resume at 2 o'clock p.m.

(Mr. [illegible] follows)

AFTERNOON SESSION

-- The Commission resumed at 2 P.M.

--

A.O. DAWSON, CROSS EXAMINATION (Resumed)

BY MR. McRUER:

Q. Now, I want to refer you, Mr. Dawson, to some further correspondence in regard to Japanese importations. Referring to Exhibit 461, which is a letter addressed by yourself to Honourable Mr. Hanson, a portion of which reads as follows:

"I have pleasure in acknowledging receipt of your letter of the 3rd instant.

I am sure that when you find time to read those articles that I sent you in regard to the Japanese menace, that you would be much interested in them.

I am now able to send you a sample of an actual Japanese cloth that is being sold freely in this market. This cloth is 30 inches wide and is put up in twenty yard pieces. In the fall of 1934 it went down to $1.51 per piece --"

Q. Now, had you an actual Japanese cloth that was being sold freely in the Canadian market, in June, 1935?

A. That sample, as I recall it, that was sent to the Minister, was a sample given me by our head man in charge of sales, and I accept it as a correct statement that they were being sold freely, and this sample was handed to me as a type of the goods that were coming in.

-- The Commission resumed at 2 p.m.

--

[illegible]

BY Mr. [illegible]:

Q. Now, I want to refer you, Mr. [illegible], to some further correspondence in regard to Japanese importations. Referring to Exhibit 461, which is a letter addressed by yourself to Honourable Mr. [illegible], a portion of which reads as follows:

"I have pleasure in acknowledging receipt of your letter of the 3rd instant.

I am aware that when you find time to read those articles that I sent you in regard to the Japanese menace, that you would be much interested in them.

I am now able to send you a sample of an [illegible] cloth that is being sold freely in this market. This cloth is 30 inches wide and is put up in twenty yard pieces. In the fall of 1934 it went down to $1.51 per piece --"

Q. Now, had you an actual Japanese cloth that was being sold freely in the Canadian market, in June, 1937?

A. That sample, as I recall it, that was sent to the Minister, was a sample given me by our head man in charge of sales, and I accept it as a correct statement that they were selling and freely, and this sample was handed to me as a type of the goods that were coming i

Q. Who was it that told you that these goods were being sold freely in this market? A. As I recall it, it was the head of our selling department, Mr. Bizzie.

Q. Mr. Bizzie? A. Yes.

Q. Well, was it a fact, or was it not a fact that they were being sold freely in this market at that time? A. I can only, of course, give the information that I had at that time, which was to the effect that they were being sold freely. Had no instance of it other than this sample that was handed to me as representing goods that were being imported.

Q. You were not curtailing any production, or stopping any looms, or anything of that kind on account of this cloth that was being sold in June of 1930? A. No.

Q. Had you any report as to what extent it was, because one would take it, from an ordinary reading of your letter, that it was something of a menace to your business? A. It was being sold freely, that is a statement, which I presume was correct, according to the information that was handed to me.

THE COMMISSIONER: Is there anything said there about the price at which it is being sold?

MR. McRUER: It says here, my lord:

"In the fall of 1932, when the Japanese Government went off the gold standard, the price of this cloth $1.59 per twenty yard piece, delivered in

Q. Who was it that told you that there goods were being sold freely in this market?

A. As I recall it, it was the head of our selling department, Mr. Alvarez.

Q. Mr. Diaz?

A. Yes.

Q. Well, was it a fact, or was it not a fact that they were being sold freely in this market at that time?

A. I can only, of course, give the information that I had at that time, which was to the effect that they were being sold freely. Had no instance of it other than this example that was handed to me as representing goods that were being imported.

Q. You were not marketing any production, or supplying any looms, or anything of that kind or weaving of this cloth that was being sold in June of 1959?

A. No.

Q. Had you any report as to what oxsens it was, because one would make it, from an ordinary reading of your letter, that it was something of a menace to your business?

A. It was being sold freely, that is a statement, which I presume was correct, according to the information that was handed to me.

Q. Did Mr. [illegible] ever say [illegible]

MR. MONDER: It says here, my lord:

"As you will see, even the Japanese [illegible] sell at $1.35 per twenty yard piece, delivered in

Vancouver. In the Fall of 1934 it went down to $1,51 per piece, and in the Spring of 1935 it was reduced to $1.45, so that you will see that instead of the price going up when the reduction in the value of the yen occurred it actually went down from $1.59 to $1.45."

Q. Now, you seem to have known quite a bit about it when you wrote this letter. A. That is the information that was given to me by our selling department. I presume, that the record of the importations at Ottawa would record, prior to that statement, to what extent they were being broughtin.

Q. What kind of a cloth was it? A. Well, I cannot recall now, Mr. McRuer. I think I said in that letter that I hope ~~you~~ he would retain it because it was the only sample that I had at the time.

Q. That was the only sample that you had at the time, and I suppose it is going t be difficult to get another one? A. I wouldn't say that, Mr. McRuer.

Q. Well, do you mean to suggest that it was something that had to be carefully preserved? A. Well, it is not wise to keep on asking your customers for samples of competitive lines continuously.

Q. Oh, it is not hard to get a sample of a competitive line. You can send anybody out to buy one if it is in competition with your cloth; you can send out your stenographer? A. Well, this information would come

Mr. Bennett. In the fall of 1934 it went down to $1.31 per piece, and in the spring of 1935 it was reduced to $1.45, so that you will see that instead of the price going up when the reduction in the value of the yen occurred it actually went down from $1.55 to $1.45.

Q. Did you have an exact idea of what about it when you wrote this letter. A. That is the information that was given to me by our selling department. I presume, that the record of the importations at Ottawa would record, prior to that statement, to what extent they were being brought in.

Q. What kind of a cloth was it? A. Wool. I cannot recall now, Mr. Bennett. I think I said in that letter that I hope you he would retain it because it was the only sample that I had at the time.

Q. That was the only sample that you had at the time, and I suppose it is going to be difficult to get another one? A. I wouldn't say that, Mr. Bennett.

Q. Well, do you mean to suggest that it was something that had to be carefully preserved? A. Well, it is not wise to keep on asking your customers for samples of competitive lines continuously.

Q. Oh, it is not hard to get a sample of a competitive line. You can send anybody out to buy one if it is [illegible]

from buyers who had been purchasing our goods and were purchasing this in competition.

MR.HOOPER : I suggest that was a canton crepe.

BY MR. McRUER: Q. Well, was it a canton crepe, Mr. Dawson? A. I cannot recall, Mr. McRuer. You see, these matters would be brought to me with a complaint, and I would be supposed to deal with them and I would, therefore, take the matter up with the Minister and send him samples wk with the statements that would come to me from our department.

Q. Yes, but you see here is the position: I am reading from a copy of a letter that was sent to Mr. Hanson? A. Yes.

Q. And this copy was subsequently sent to Mr. Dunning by you? A. Yes.

Q. You sent to Mr. Dunning copies of several letters that you had sent to Mr. Hanson? A. Yes,sir.

Q. And it is evidently put forward with the purpose of impressing Mr. Dunning with the Japanese Menace? A. Surely.

Q. Now, I am wanting to get at what your knowledge of the menace you are complaining about was; you say you were trying to impress Mr. Dunning by sending to him copies of these letters. Now, can you give us any more information about this Japanese cloth, to what extent it competed with yours, and how freely it was being sold? A. No, sir. My information would come entirely from the Department that is

from buyers who had been purchasing our goods and were purchasing this in competition.

MR.DOUGLAS: I suggest that was a cashmere crepe.

Q. Mr. Dawson? A. I cannot recall, Mr. Mulvey. You see, these matters would be brought to me with a complaint, and I would be supposed to deal with them and I would therefore, take the matter up with the Minister and send him samples as with the statements that would come to me from our department.

Q. Yes, but you see here is the position: I am reading from a copy of a letter that was sent to Mr. Dunning? A. Yes.

Q. And this copy was subsequently sent to Mr. Dunning by you? A. Yes.

Q. You sent to Mr. Dunning copies of several letters that you had sent to Mr. Dawson? A. Yes, sir.

Q. And it is already in evidence that the purpose of impressing Mr. Dunning with the importance matter? A. So sir.

Q. Now, I am wanting to get at what your knowledge of the nature you are complaining about was; you say you were trying to impress Mr. Dunning by sending to him copies of these letters. Now, can you give us any more information about this Japanese cloth, to what extent it competed with yours, and how freely it was being sold? A. No, sir. My information

[illegible]

responsible for sales, and if they found this stuff was competing with them they would bring it to me and say "We are up against this kind of thing, can you do anything about it?

Q. Well, did they do that? Can I pin it on someone? Here is a specific complaint that went into the Government? A. I will try and find it.

Q. Not only went in once but was repeated. You are sending copies of letters again to Mr.Dunning? A. Would you be good enough to give me the date of that, please?

Q. June 4th, 1935, a copy of a letter from you to Hon. Mr. Hanson? A. June 4th, 1935?

Q. Yes. A. I will try and refresh my memory, Mr. McRuer, and try to get further information, as to how wide-spread or how freely that stuff was being imported.

Q. And what it was? A. Yes.

Q. Now then, in Exhibit 462, which is a letter dated 13th June, 1935, from you to the Hon. Mr.Hanson, after referring to an article, you say:

"After reading this article I think you agree with me that it would be fatal to the Textile Industry of Canada if it is made easier, even to a small degree, of Japanese cotton mills to sell their products in Canada."

Did you mean that? A. What is the date of that letter?

responsible for sales, and if they found this stuff was competing with them they would bring it to me and say "We are up against this kind of thing, can you do anything about it?

Q. Well, did they do that? Can I pin it on someone? Here is a specific complaint that went into the Government? A. I will try and find it.

Q. Not only went in once but was repeated. You are sending copies of letters again to Mr. Dunning? A. Would you be good enough to give me the date of that, please?

Q. June 4th, 1935, a copy of a letter from you to Hon. Mr. Hanson? A. June 4th, 1935?

Q. Yes. A. I will try and refresh my memory, Mr. Varcoe, and try to get further information, as to how wide-spread or how freely the stuff was being imported.

Q. And what it was? A. Yes.

Q. Now then, in exhibit 466, which is a letter dated 12th June, 1935, from you to the Hon. Mr. Hanson after referring to an article, you say:

"After reading this article I think you agree with me that it would be found to the Canadian industry of Canada if it is made clear, even to a small degree, of Japanese cotton mills to sell their products in Canada."

Did you mean that? A. What is the date of that letter?

Q. June 13th, 1935. Did you mean that, Mr. Dawson? A. Well, as I recall it, I meant that we were having sufficient competition and difficult time enough in keeping our mills operating, and any competition that would reduce our output would be very serious. It means everything to a mill to have volume, and if that volume is reduced, for any reason, it is serious.

Q. That is, you should not have any competition, is that your policy? A. I should not say that. You would like to run your mill as nearly as possible to capacity to reduce your overhead costs.

Q. Yes, but the statement you are making here to the Minister, is that it would be fatal to the Textile industry in Canada, if it is made easier, even to a small degree, for the Japanese cotton mills to sell their product in Canada. A. It is evidently my impression at the time, that that would be so.

Q. That it would be fatal, and would mean the ruination of the Textile industry, even if they sold in a small degree; you could not stand just a breath from over there? A. Well, you have to interpret that word "small".

Q. Well, I want to know if we have to interpret all your letters? Do we have to discount them pretty well? A. We were running, as you will remember, a short time in our mills. Now, my opinion was that any further reduction of production, or

June 18th, 1925. Did you mean that, Mr. Dawson? A. Well, as I recall it, I meant that we were having sufficient competition and difficult time enough in keeping our mills operating, and any competitive industry would be very serious. It means everything to a mill to have volume, and if that volume is reduced, for any reason, it is serious.

Q. That is, you should not have any competition, is that your policy? A. I should not say that. You would like to run your mill as nearly as possible to capacity to reduce your overhead costs.

A. Yes, but the statement you are making here to the Minister, is that it would be fatal to the textile industry in Canada, if it is made smaller, even to a small degree, for the Japanese cotton mills to sell their product in Canada. A. It is evidently my impression at the time, that that would be so.

Q. That it would be fatal, and would mean the ruination of the Textile industry, even if they sold in a small degree; you could not stand just a breath from over there? A. Well, you have to interpret that word "small".

Q. Well, I meant to ask if you have the statistics with regard to Japanese imports, are you still pretty well? A. We were turning, as you will remember, a short time in our mills. Then, my colleague was head of Textiles association of Canada, Mr

curtailment would be a very serious thing, and if it was extended far enough it would be fatal.

Q. That is not what you say, Mr. Dawson. You say, "Even to a small degree," it would be fatal.

A. Well, if you get started with a small degree it might grow.

Q. But that is not what you say. You put it to the Minister, you are just in that position, the Textile industry is just in that position - and you are speaking in behalf of the whole industry- that even a small degree would be fatal to the Textile Industry of Canada? A. Evidently that was the opening wedge.

Q. I am just getting at what you said, Mr. Dawson, and just wondering how far you need to be taken seriously in some of these rather broad statements you make? A. Well, the record of what the world was suffering from - and I think I had in mind what the danger would be if the door was opened any wider for the Japanese competition to come into Canada- can readily be understood, and I think subsequent events will later prove if the menace is not removed.

Q. Then I want to refer to a copy of a letter dated the 20th of May, 1935. This is a copy of a letter that was enclosed in the general letter to Mr. Dunning, apparently, dated the 20th of May, 1935, and reads as follows:

"Upon my return to town I had an opportunity

nationalment equal in a very serious sense, and if it was extended far enough it would be fatal.

.. That is not what you say, Mr. Dawson. You say, "Even to a small degree, it would be fatal."

.. Well, if you get starved with a small degree it might grow.

.. But that is not what you say. You put it to the minister, you are just in that position, the textile industry is just in that position - and you are speaking in behalf of the whole industry- that is a small degree and it is fatal to the textile industry of Canada.

.. Certainly that was the operative word.

.. I am just getting at what you said, Mr.Dawson, and just wondering how far you need to be taken literally. In view of Sir Thomas Drew's statements you make? .. Well, the record of what the world was suffering from - and I think I had in mind what the danger would be if the door was opened any wider for the Japanese competition to come into Canada- can readily be understood, and I think subsequent events will later prove if the menace is not removed.

. Then I want to refer to a copy of a letter dated the 20th of May, 1950. This is a copy of a letter that was enclosed in the general letter of the Textile Association, dated the 20th of May, 1950, and reads as follows:

"Dear Sir Thomas: In view of the supplementary

of reading Mr. Tolmie's letter to you of the 16th instant."

That is to Mr. Hanson? A. Yes.

Q. And then:

"I am hopeful that your colleagues, as well as yourself, realise what a serious thing it would be if he is given to the Japanese propaganda that is being carried on so zealously in Canada at the present time. If freer access is given to the Japanese to sell cotton and rayon goods in Canada it will result in every Canadian mill being closed down. This in turn would mean that at least fifty thousand additional people would be thrown on the dole."

Now, did you mean that, Mr. Dawson? A. Well, I meant, that if the trade of Canada was handed over to the Japanese, that would be the result.

Q. Oh, now--- A. There comes a time, as I think I stated before, that when your production goes below a certain figure you cannot operate profitably, and that eventually means extinction.

Q. Well, what you say here is:

"If freer access is given to the Japanese to sell cotton and rayon goods in Canada it will result in every Canadian mill being closed down."

Now, you see these are statements that were made to the government before the surtax was put on; that is, when the Japanese were trying to arrive at some agreement with the Government. Now, was that a threat?

of read my Mr. Tolmie's letter to you of the 16th instant."

That is to Mr. Hanson? A. Yes.

. and then:

"I am hoping that you, Mr. Hanson, as you yourself, realize what a serious thing it would be if he is given to the Japanese propaganda that is being carried on so zealously in Canada at the present time. If freer access is given to the Japanese to sell raisins and fruit goods in Canada it will result in every Canadian mill being closed down. This in turn would mean that at least fifty thousand additional people would be thrown on the dole."

Now, did you mean that, Mr. Hanson? . Well, I meant, that if the trade of Canada was handed over to the Japanese, that would be the result.

. Oh, now--- A. There comes a time, as I think I stated before, that when your production goes below a certain figure you cannot operate profitably and that eventually means extinction.

. Well, what you say here is:

"If freer access is given to the Japanese [illegible] raisins in every Canadian mill [illegible]

Now, you see these are statements that were made to the government before the matter was put up; that is, when the Japanese were trying to arrive at some agreement with the government. Now, was that a time

A. Before that was removed.

Q. No, it was before the surtax was put on. That was in May, 1935. Now, was this in a the nature of a threat? A. Was the surtax put on by our government after that?

Q. Yes, the Japanese had not put their surtax on at that time, and our government had not put on ours; so this was while the matter was under discussion, and those were the representations that were apparently being made? A. And we were trying to sell it, apparently.

Q. You were trying to sell it, undoubtedly, and you evidently were successful, and I want to see what representations from you the Government had when they considered the course that they took, and one of your statements was -- A. Were we successful?

Q. Yes, you got a surtax put on that was a pretty good one. A. That is after the Japanese had acted.

Q. Pardon? A. That is after the Japanese had acted, Mr. McRuer.

Q. Yes, but it was perfectly obvious that the Japanese would act if something was not done. They were dissatisfied with trading conditions, there is no doubt about that, and I am just getting the statements that were put forward by you on behalf of your company, or the industry, on which the Government might base their action, and one of the statements was:

A. Before that was imposed.

Q. No, it was before the surtax was put on. That was in May, 1935. Now, was this in a the nature of a threat? Q. Was the surtax put on by our government after that?

A. Yes, the Japanese had not put their surtax on at that time, and our government had not put on ours; so this was while the matter was under discussion, and those were the representations that were apparently being made? A. And we were trying to sell it, apparently.

Q. You were trying to sell it, undoubtedly, and you evidently were successful, and I want to see what representations from you the Government had when they considered the course that they took, and one of your statements was -- A. Were we successful?

Q. Yes, you got a surtax put on that was a pretty good one. Q. That is after the Japanese had voted.

Q. Pardon? A. That is after the Japanese had voted, Sir, I believe.

Q. Yes, but it was perfectly obvious that the Japanese would not if something was not done. They were dissatisfied with trading conditions, there is no doubt about that, and I am just getting the statements that were put forward by you on behalf of your company, or the industry, on which the Government might base their action, and one of the statements was:

"If freer acces is given to the Japanese to sell cotton and rayon goods in Canada it will result in every Canadian mill being closed down."

A. It was only, as I remember it, that the Japanese did put on the surtax, and our Government did likewise.

Q. That is true? A. Yes.

Q. Yes, and that met with your approval? A. Surely. Had that not been done, and free access had been given to this market to the Japanese, the same thing would have happened here as happened in other countries.

Q. Now, Mr. Dawson, you do not seriously suggest that anybody was considering giving them free acceds to this market, that we would adopt a policy of free trade with Japan; do you seriously suggest that?

A. Well, my opinion was that if the door was open to Japan so that she would get a foot-hold in here and could supply cottons and rayons in Canada to any appreciable extent, it would mean that the mills here would not be able to operate at a profit, and eventually that means extinction, doesn't it?

Q. No, that is not what you were saying. I am only taking what you were saying. Why don't you say that, if that is what you meant. But here you are asking the ministers to act, and what you say is:

"If freer access is given to the Japanese to sell cotton and rayon goods in Canada it will result in every Canadian mill being closed down."

to sell cotton-and rayon goods in Canada it will
result in every Canadian mill being closed down."

A. It was only, as I remember it, that the Japanese
differed on the cotton, and we convinced the Japa-
nese.

. That is true? A. Yes.

. Yes, and then not with your opponents? A. Certain-
ly that not been done, and free access had been given
to this market to the Japanese, the same thing would
have happened here as happened in other countries.

. Now, Mr. Dawson, you do not seriously suggest
that anybody was considering giving free access
to this market, when we really talked of free-
trade this argument is quite extraordinary, don't
A. Well, my opinion was that if the door was open
to Japan so that she would get a foot-hold in here
and could supply cotons and rayons in Canada
to any appreciable extent, it would mean that the mills
here would not be able to operate at a profit, and
eventually that would eliminate, wouldn't it?

A. No, that is not what you were saying. I am
only taking what you were saying. Why don't you say
that, if that is what you meant. That seems you
are making the mistake to me, and what you say is:
"If free access is given to the Japanese
to sell cotton and rayon goods in Canada it
will result in every Canadian mill being closed
down."

That is what you said.

THE COMMISSIONER: Can you tell me what the Japanese were asking for at that particular time?

Q. There was a conflict going on, was there not, which resulted in the Japanese putting on their surtax? A. Yes.

Q. What were the Japanese wanting, I mean?

MR. McRUER: They were asking for a reduction in the proclaimed value of the yen. They were complaining about the yen being fixed.

THE COMMISSIONER: At 49. At an artificial value instead of being allowed its value on the exchange, is that right?

MR. McRUER: Yes, they were complaining aboutthe high amount at which it was fixed.

THE COMMISSIONER: Yes, I know.

MR. McRUER: And the fixed valuation on rayon of $1.25 a pound.

THE COMMISSIONER: Yes.

MR. KELLOGK: I was told there was a change in the proclaimed value of the yen on July 28th, 1935.

MR. McRUER: Yes, it was brought down to 41.

THE COMMISSIONER: From 49.

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Well, at this particular time they were complaining of their yen being valued at 49.

MR. McRUER: Yes, sir.

THE COMMISSIONER: And of the rayon fixed value of $1.25 a pound.

That is what you said.

[illegible] Can you tell us what the Japanese were asking for at that particular time?

Q. There was a conflict going on, was there not, which resulted in the Japanese putting on their military [illegible].

Q. What were the Japanese wanting, I mean?

MR. MORGAN: They were asking for a reduction in the proclaimed value of the yen. They were complaining about the yen being fixed.

THE COMMISSIONER: At 49. At an artificial value instead of being allowed its value on the exchange, is that right?

MR. MORGAN: Yes, they were complaining about the high amount at which it was fixed.

THE COMMISSIONER: Yes, I know.

MR. MORGAN: And the fixed valuation on yen of $1.35 a pound.

[illegible] Yes.

MR. MERLOCK: I was told there was a change in the proclaimed value of the yen on July 26th, 1936.

MR. MORGAN: Yes, it was brought down to 41.

THE COMMISSIONER: From 49.

[illegible] Yes, by law.

THE COMMISSIONER: Well, at this particular time they were complaining of their yen being valued at 49.

MR. MORGAN: Yes, sir.

[illegible] Use of the yen fixed value of $1.35 a pound.

MR. McRUER: Yes, sir. Those were the things that were before the Government for consideration.

THE COMMISSIONER: In other words, then, they wanted no fixed value, they wanted actual value as the basis of valuation, and they wanted the yen to be valued at its real value on the exchange.

MR. HOOPER: No, lower than the proclaimed.

THE COMMISSIONER: I see. They wanted it taken at its actual value.

MR. McRUER: No, my lord. What Mr. Hooper is saying is that they were not claiming to have it brought down to the exchange value, but they wanted it reduced from 49 to something more moderate.

MR. KELLOCK: Which they got.

THE COMMISSIONER: They did not even want it to be put on the exchange value.

MR. HOOPER: No, they did not ask for that.

THE COMMISSIONER: What was the value?

MR. KELLOCK: The exchange value was around 29, and had been that for some time, my lord.

THE COMMISSIONER: What particular value did they want, do you know?

MR. HOOPER: They suggested - and I believe it was accepted by the Government - that they take the League of Nations Current values, and take into consideration the price level, or price index, as published by the League of Nations.

THE COMMISSIONER: The price index?

MR. HOWDEN: Yes, sir. These were the things that were before the Government for consideration.

THE COMMISSIONER: In other words, then, they wanted no fixed value, they wanted actual value as the basis of compensation, and they wanted the yen to be valued at its real value on the exchange.

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MR. HOWDEN: Which they got.

THE COMMISSIONER: They did not even want it to be put on the exchange value.

MR. HOWDEN: No, they did not ask for that.

THE COMMISSIONER: What was the value?

MR. HOWDEN: The exchange value had varied so, and had been that for some time, my lord.

THE COMMISSIONER: What particular value did they want, do you know?

MR. HOWDEN: They suggested - and I believe it was accepted by the Government - that they take the League of Nations average values, and work into [illegible] the price level, or price index, as published by the League of Nations.

THE COMMISSIONER: The price index

MR. HOOPER: Yes, the price index on all commodities in Japan. It is quite a complicated matter.

THE COMMISSIONER: It must have been. The League of Nations have their own valuation on currency.

THE SECRETARY: Then it took into account the extent to which internal prices in Japan had risen after the depreciation of the yen. That was to be taken into consideration.

BY MR. McRUER: Q. Well, at any rate, the Japanese were not asking for any reduction in the ad valorem duty, the specific duty, or the dumping duties; they were asking only for a reduction in the fixed value, or the removal of the fixed value, and a reduction in the currency valuation--- A. That was asking a good deal, wasn't it?

Q. Well, it may be and it may not be. But you put it to the Government, that if freer access is given to the Japanese to sell cotton and rayon goods in Canada, it will result in every Canadian mill being closed down? A. I evidently felt that at the time.

Q. Did you honestly feel that, or were you putting forward rather a wide statement? A. I was very much afraid of the Japanese ability to get into this country, with the possibility that they might capture the whole trade of the country. If they export a certain part of it, a sufficient amount of it to prevent operating the remainder of the ~~items~~ elements of the country at a profitable basis, that would practically

MR. MOPPER: Yes, the price index on all commodities in Japan. It is quite a complicated matter.

THE COMMISSIONER: It must have been. The income of Nations have their own valuation on currency.

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BY MR. MORGAN: Q. Well, at any rate, the Japanese were not asking for any reduction in the ad valorem duty, the specific duty, or the dumping duties; they were asking only for a reduction in the fixed value, or the removal of the fixed value, and a reduction in the currency valuation--- A. That was asking a good deal, wasn't it?

Q. Well, it may be and it may not be. But you put it to the Government, that if freer access is given to the Japanese to sell cotton and rayon goods in Canada, it will result in every possible mill being closed down? A. I evidently felt that at the time.

Q. Did you honestly feel that, or were you putting forward rather a wide statement? A. I was very much afraid of the Japanese ability to get into this country, with the possibility that they might capture the whole trade of the country. If they export a certain part of it, a sufficient amount of it to prevent operating the remainder of the elements of the industry at a profitable basis, that would practically

mean the extinction of business.

Q. That is not by any means what you state in your letter.

BY THE COMMISSIONER: Q. Putting it in that general way it would apply to any country? A. Yes, it would.

Q. If any country got possession of the Canadian market? A. Yes.

BY MR. McRUER: Q. The point I was trying to get at is, there was a controversy being raised at the moment, and what were you afraid of in the way of dollars and cents, as reflected in customs rates? A. You see, we wereafraid of the door being opened to a nation--

Q. Of course, if we were to open the door to any nation the chances are we would be out of it? A.Anything that will reduce you production below a certain percentage, well, you cannot operate profitably, and your mills are valueless. That is the thought I had in mind.

Q. I know, but I cannot get down yet what you wanted.

BY THE COMMISSIONER: Q.No, I cannot get down what it is you wanted, or whether the danger lay at that time.

MR. McRUER: Well, that is a letter that has not been marked as an exhibit, my lord.

THE COMMISSIONER: What letter?

MR. McRUER: This letter of May 20th, 1935.

THE COMMISSIONER: Put it in now, then. That will be Exhibit 501. A letter from whom?

mean the extinction of business.

Q. That is not in any sense what you plead in your letter.

BY THE COMMISSIONER: Q. Putting it in that general way it would apply to any country? A. Yes, it would.

Q. If any country got possession of the Canadian market? A. Yes.

BY MR. MOYLAN: Q. The point I was trying to get at is, there was a controversy being raised at the moment, and what were you afraid of in the way of dollars and cents, as reflected in customs revenue?

A. You see, we were afraid of the door being opened to a million—

Q. Of course, if we were to open the door to any nation the chances are we would be out of it?

A. Anything that will reduce your production below a certain percentage, well, you cannot operate profitably, and your mills are valueless. That is the thought I had in mind.

Q. I know, but I cannot get down yet what you wanted.

BY THE COMMISSIONER: Q. No, I cannot get down what it is you wanted, or whether the danger lay at that time.

MR. MOYLAN: Well, that is a letter that has not been destroyed in the ordinary way, my lord.

THE COMMISSIONER: Where letter?

MR. MOYLAN: This letter of May 20th, 1920.

THE COMMISSIONER: Put it in now, then. That will be Exhibit 201. —Letter from Moyland

MR. McRUER: Copy of a letter from Mr. Dawson to Mr. Hanson.

THE COMMISSIONER: Dated what?

MR. McRUER: May 20th, 1935, my lord.

EXHIBIT 501: Copy of letter from Mr. Dawson to Hon. Mr. Hanson, dated May 20, 1935.

THE COMMISSIONER: I do not see the point to be gained by just reading those general effusions.

MR. McRUER: No, my lord. Then I have a letter from Mr. Dawson to Mr. Dunning, dated November 15th, 1935.

THE COMMISSIONER: This is a new letter, is it?

MR. McRUER: Yes, this is a new letter, my lord.

THE COMMISSIONER: That will be Exhibit 502.

THE SECRETARY: I think that is already in as Exhibit 463.

MR. McRUER: It is a letter from Mr. Dawson to Mr. Dunning.

Q. You say in this letter, Mr. Dawson, in the last paragraph:

"Because of the trade depression that has been in existence in recent years, many hundreds of our looms have for a long time now been operating but three days per week, and you can understand to open the door wider to the product of foreign mills might easily result in the complete elimination of this industry."

"Feeling sure that we can depend on you to prevent the coming of a disaster of such magnitude."

Q. Dawson: Copy of a letter from Mr. Dawson to Mr. Dunning.

Q. Dawson: May 30, 1930, my lord.

MARSHAL BOY: Copy of letter from Mr. Dawson to Mr. Dunning, dated May 30, 1930.

THE COMMISSIONER: I do not see the point to be gained by just reading those general effusions.

MR. MORGAN: No, my lord. Then I have a letter from Mr. Dawson to Mr. Dunning, dated November 10th, 1930.

THE COMMISSIONER: This is a new letter, is it?

MR. MORGAN: Yes, this is a new letter, my lord.

THE COMMISSIONER: That will be exhibit 465.

MR. MORGAN: I think that is already in as exhibit 456.

MR. MORGAN: It is a letter from Mr. Dawson to Mr. Dunning.

Q. You say in this letter, Mr. Dawson, in the last paragraph:

"Because of the trade depression that has been in existence in Canada for, many months, our looms have for a long time now been operating but three days per week, and you can understand to open the door wider to the product of foreign mills would really result in the complete elimination of this industry."

"Feeling sure that we can depend on you to prevent the coming of a disaster of such magnitude,

was it true, Mr. Dawson, that hundreds of your looms had only been operating for three days per week?

A. That was after --

Q. That was the position that your mills had got to after five years of the tariff that you had, that is correct? A. Yes, We were going through a depression during all these years, which prevented --

THE COMMISSIONER: At that particular time there were no Japanese rayon goods coming in at all.

MR. McRUER: No, 15th November, 1935.

THE WITNESS: Does that refer to Japanese?

Q. I am just referring to the general statement, about your business, and that says:

"Because of the trade depression that has been in existence in recent years, many hundreds of our looms have for a long time now been operating but three days per week."

A. It does not refer to Japanese goods particularly.

Q. There were no Japanese goods at that time.

A. That is the general result of the effect at the time, the effect of conditions at the time resulted in our operating short time. There was not sufficient business to keep them going.

THE COMMISSIONER: Well, what does the letter ask Mr. Dunning to do?

MR. McRuer: The letter says:

"Feeling sure that we can depend on you to prevent the coming of a disaster of such magnitude."

Was it true, Mr. Dawson, that hundreds of your looms

had only been operating for three days per week?

A. That was after --

Q. That was the position that your mills had got

to after five years of the tariff that you had, that

is correct? A. Yes. We were going through a

depression during all these years, which prevented --

THE CHAIRMAN: At that particular time there

were no Japanese rayon goods coming in at all.

Mr. DAWSON: No, not [illegible], I do.

THE CHAIRMAN: Does that refer to Japanese?

A. I am just referring to the general statements, about

your business, and it says:

"Because of the trade depression that has been

in existence in recent years, many hundreds of our

looms have for a long time now been operating

but three days per week."

A. It does not refer to Japanese goods particularly.

Q. There were no Japanese goods at that time.

A. That is the general result of the effect at the time,

the [illegible] of [illegible] [illegible]

[illegible] [illegible].

MR. [illegible]: [illegible] [illegible]

it. Running to do?

MR. DAWSON: [illegible]

"Putting [illegible] [illegible] [illegible]

the [illegible] of a disaster of [illegible] magnitude."

That is, that they depend on him to prevent the elimination of the industry.

THE COMMISSIONER: Yes, I know, but how does it affect us? What was asked for specificially, greater imposts on other nations?

MR. McRUER: No; He enclosed these letters to Mr. Hanson and asked him to read those but it is not specific.

THE WITNESS: That was addressed to Mr. Hanson?

MR.McRUER: No, it is addressed to Mr. Dunning.

THE WITNESS: What date was it?

MR. McRUER: 15th November 1935.

THE COMMISSIONER: Well, I suppose insofar as Japanese competition is concerned that letter did not ~~gvice~~ give any intructions, it meant leave things as they are, don't disturb the present situation.

BY MR. McRUER: Q. That is what you wanted Mr. Dunning to do, was it, Mr.Dawson? A. Yes, we did not want the tariffs disturbed, that is right.

Q. You enclose a letter dated 16th of May, 1935, to Mr. Hanson, which has a paragraph in it which I think makes your position quite clear:

"I am sure that you and your colleagues in the Government are fully aware of the disastrous consequences,not only to the Textile industry, but to very many other Canadian industries, which would result from the removal of the depreciated currency duty on Japanese goods.

That is, that they depend on him to prevent the elimination of the industry.

Q. Question: Yes, I know, but he [illegible] affect us? Or I was asked for specificality, greater imports on other nations?

MR. McGUIGAN: No. We enclosed those letters to Mr. Hanson and asked him to read those but it is not [illegible].

THE WITNESS: That was addressed to Mr. Hanson?

Mr.McGUIGAN: No, it is addressed to Mr. Dunning.

THE WITNESS: What date was it?

Q. [illegible] 1948 [illegible].

THE COURT REPORTER: Well, I suppose inasmuch as Japanese competition is concerned that letter did not evidence any instructions, it meant leave things as they are, don't disturb the present situation.

BY Mr. McGUIGAN: Q. That is what you wanted Mr. Dunning to do, was it, Mr. Hanson? A. Yes, we did not want the tariffs disturbed, that is right.

Q. You enclose a letter dated 16th of May, 1948, to Mr. Hanson, which has a paragraph in it which I think makes your position quite clear:

"I am sure that you and your colleagues in the Government are fully aware of the disastrous consequences, not only to the textile industry, but to very many other Canadian industries, which would result from the removal of the [illegible]

if under such circumstances the Japanese were to go after our market as they have those in other parts of the world they could close us up completely in less than 12 months. Surely the entire loss of the Japanese market, amounting last year I understand, to some $16,000,000, although admittedly hard on certain Canadian interests, would be a small thing compared to the havoc that would be wrought by opening our markets to them."

So that you understood in November, 1905, that the Government was in this position: That the Japanese had put the 50 per cent surtax on all Canadian imports, you understood that? A. Yes.

Q. And you were asking the Government to leave things as they were, that is, to exclude from the Japanese market all Canadian exports to that country? A. Not to open the doors, as far as our industry was concerned.

Q. Well, whose industry would you like them to open the door on? A. Well that, of course, was not my funeral, that was someone else's. What we were doing was trying to save the Textile Industry. If you take the whole trade that we had with Canadians and lose it, it would not be comparable to the devastating effect if the Textile industry was destroyed through Japanese competition. That was really what I had in mind.

If under such circumstances the Japanese were to go after our market as they have done in other [illegible] they would close us up completely in less than 18 months. Merely the entire loss of the Japanese market, amounting last year I understand, to some $16,000,000, although admittedly hard on our own Canadian interests, would be a small thing compared to the havoc that would be created by opening our markets to them."

So that you understood in November, 1936, that the government was in fully sympathy, but was hesitating but put the 50 per cent curtax on all Japanese imports, you understood that? A. Yes.

. And you were asking the Government to leave things as they were, that is, to exclude from the Japanese market all Canadian exports to that country? A. Not to open the doors, as far as our industry was concerned.

- Well, where industry would you like them to open the door on? .. Well that, of course, was not my function, that was someone else's. The [illegible] were doing was trying to save the textile industry. If you take the whole trade that we had with Japan and lose it, it would not be compatible to the [illegible] [illegible] if the textile industry, destroyed through Japanese competition. That was really what I had in mind.

Q. Well, you wanted complete exclusion of Japanese goods, and at the expenses of the exclusion of our goods on the Japanese market. A. Well, of course, it was an impression that was abroad, but they had to get their raw material from some country, and they might as well get it from us, - that was what they were saying, the argument they were using; they were using it as an axe to get the door open into Canada and our manufactures.

Q. There were plenty of countries that Japan could get the raw material from besides Canada? A. Well, some.

Q. But there was only one country where Canada could get her raw silk? A. No, not necessarily. It is an important source.

Q. Did you take into consideration the effect of the silk industry? A. Well, it would have been serious had it been continued, there is no doubt.

Q. Now then, on December 4th you wrote to Mr. Dunning again, making a statement about an offer that had been made to you by someone, that you should become an agent for Mitsui & Company. A. Not to me.

Q. Well, who was it? A. It was our agent in Vancouver, our representative in Vancouver.

Q. And your representative in Vancouver was to become an agent for Mitsui & Company? A. Yes, he wrote us to that effect.

Q. Oh, I see, this is an extract from your

Q. Well, you wanted complete exclusion of Japanese goods, and at the expense of the exclusion of our goods on the Japanese market. A. Well, of course, it was an impression that was untrue, but they had to get their raw material from some country, and they might as well get it from us. - that was what they were saying, the argument they were using; they were using it as an axe to get the door open into Canada and our markets.

Q. There were plenty of countries that Japan could get the raw material from besides Canada? A. Well, none.

Q. But there was only one country where Canada could get her raw silk? A. No, not necessarily. It is an important market.

Q. Did you take that consideration into account of the silk industry? A. Well, it would have been serious had it been continued, there is no doubt.

Q. Now then, on December 4th you wrote to Mr. Dunning saying, making a statement about an offer that had been made to you by someone, that you should become an agent for Mitsui & Company. A. Not to me.

Q. Well, who was it? A. It was our agent in Vancouver, our representative in Vancouver.

Q. And your representative in Vancouver was to be an agent for Mitsui & Company? A. Yes, he wrote us to that effect.

Q. Yes. This is an extract from your

representative in Vancouver? A. Yes.

Q. Well, has he become an agent of Mitsui & Co., yet? A. Well, no. He could not hold his position with us, of course.

Q. Well, he has not found it better working for Mitsui & Company than working for you.

A. He is still working for us.

Q. He is still working for you. Well, that is comforting, one man in a job still anyway. Now then, on February 25th, 1936, apparently you wrote something of a long letter to Mr. Dunning.

THE COMMISSIONER: Is that an exhibit, Mr. McRuer?

MR. McRUER: No, it is not an exhibit, my lord.

THE COMMISSIONER: What is the date of it?

MR. McRUER: February 26th, 1936.

EXHIBIT 502: Letter from Mr. Dawson to Mr. Dunning, dated February 25th, 1936.

BY MR. McRUER: Q. That is your letter, Mr. Dawson? A. Yes.

THE COMMISSIONER: What is the date of it, Mr. McRuer?

MR. McRUER: February 26th, 1936. This is a paragraph from it:

"I am sure that when the government recently made concessions to the Japanese it was hoped that our Canadian industries would not be effected as seriously as they apparently have been. I am afraid that the situation is going to grow steadily worse unless you can see your way clear to put a valuation for duty purposes on both

representative in Vancouver? A. Yes.

Q. Well, has he become an agent of Mitsui & Co.,

MAY Q. Well, no. He could not hold his position with us, of course.

Q. Well, he has not found it better working for Mitsui & Company than working for you.

A. He is still working for us.

Q. He is still working for you. Well, that is something, one man in a job still anyway. Now then, on February 26th, 1936, apparently you wrote something of a long letter to Mr. Dunning.

THE COMMISSIONER: Is that an exhibit, Mr. Mosher?

MR. MOSHER: No, it is not an exhibit, my lord.

THE COMMISSIONER: What is the date of it?

MR. MOSHER: February 26th, 1936.

EXHIBIT 302: Letter from Mr. Dawson to Mr. Dunning, dated February 26th, 1936.

BY MR. MOSHER: Q. What is your letter, Mr. Dawson?

A. Yes.

THE COMMISSIONER: What is the date of it, Mr. Mosher?

MR. MOSHER: February 26th, 1936. This is a part from it:

"I am sure that when the government recently made concessions to the Japanese it was hoped that our Canadian Industries would not be affected as seriously as they apparently have been. I am afraid that the situation is going to grow steadily worse unless you can see your way clear to put a valuation for duty purposes on both

be rayon and cotton goods."

Q. You were asking that a valuation be put on rayon and cottons goods? A. Yes.

THE COMMISSIONER: And Mr. Dawson gave us the amount of that valuation.

THE WITNESS: Yes.

Q. Three different classes? A. Yes, that is right.

BY MR. McRUER: Q. And in this letter you apparently enclosed a memorandum "Notes on Japanese peril" which reads as follows, and I am only going to read some paragraphs from it:

"The Japanese situation on both rayon and cotton fabrics is becoming increasingly serious each day. I shall first refer to Japanese offerings of a somewhat low-grade Taffeta 27" wide. Free offerings of this cloth early in January at ridiculously low prices threw our whole market into an actual panic, as a resultof which it has been practically impossible to make sales ever since."

Mr. Dawson, was that a correct statement to make to the Government? A. I think so.

Q. That "It has been practically impossible to make sales ever since." A. The record of our sales would prove that. The only purchases that were made were apparently by those who wanted to fill in, for the time being, until they could get the imported goods.

be- ra on and cotton goods."

Q. You were asking that a valuation be put on rayon and cotton goods? A. Yes.

THE CHAIRMAN: And Mr. Lawson gave us the amount of duty [illegible].

MR. LAWSON: Yes.

Q. Three different ole.ment? A. Yes, that is [illegible].

MR. M. HOWITT: Q. And in this letter you apparently enclosed a memorandum "Notes on Japanese peril" which reads as follows, and I am only going to read some paragraphs from it:

"The Japanese situation on both rayon and cotton fabrics is becoming increasingly serious each day. I shall first refer to Japanese offering of a somewhat low-grade Taffeta 27" wide. These offerings of this cloth early in January at ridiculously low prices threw our whole market into an actual panic, as a result of which it has been practically impossible to make sales ever since."

Q. Lawson, was that a correct statement to make to the Government? A. I think so.

Q. That "It has been practically impossible to make sales ever since." A. The record of our sales would prove that. The only purchases that were made were [illegible] by those who [illegible] in [illegible] the time being, only [illegible] of the [illegible]

Q. And you bought more yarn in January, 1936, by a long piece, than you did in January, 1935?

A. Not for those goods.

Q. No, no, but you are making a general statement about sales, and no specific goods? A. Well, we mentioned Japanese there?

Q. Yes. Then:

"The effect is naturally being felt not only in all other qualities of rayons, but in cotton goods as well, and buyers are afraid to make forward commitments -- "

A. Well, that is the fear.

Q. Oh, no, Mr. Dawson, it is not the fear, it is the fact. Have we got to always take your letters and read them in some different way than the English of them? A. Isn't it the same, Mr. McRuer, the effect, the peril; it is the same thing really, if you interpret those two words.

Q. This reads..... "buyers are afraid to make forward commitments, for fear of being caught with stocks of Canadian goods bought at prices much above those that may be quoted any day by Japanese importers."

A. Yes.

Q. And it continues:

"In the 27" Taffeta which we manufacture under range #9990, and in the same quality 36" wide as our range #9970, we sold for the entire

Q. And you bought more yarn in January, 1928, by a long piece, than you did in January, 1929?

A. Not for those goods.

Q. No, no, but you are making a general statement about sales, and no specific goods? A. Well, we mentioned Japanese there?

Q. Yes.

"The effect is naturally being felt not only in all other qualities of rayons, but in cotton goods as well, and buyers are afraid to make forward commitments -- "

A. Well, that is the fear.

Q. Oh, no, Mr. Lawson, it is not the fear, it is the fact. Have we got to always take your letters and read them in some different way than the English of them? A. Isn't it the same, Mr. Lawson, the effect, the peril; it is the same thing really, if you interpret those two words.

Q. This reads..... "buyers are afraid to make forward commitments, for fear of being caught also through it (meaning yarn) sought at prices much above those that may be quoted any day by Japanese importers."

A. Yes.

Q. And it continues:

"In the city yarns sales by manufacturers have been active, and in the case of the rayon yarns, as the season advanced, we said the sellers

Spring and Fall seasons of 1935, 11,361 pieces (averaging 57 yards per piece). At the 1st of January, a short time before we stopped production on these two ranges, we had a total stock of 4,937 pieces. The above stock includes about 10% of the total in process or manufacture which has to be woven out, and also includes a few hundred pieces of goods sold for forward delivery which we had to include owing to the fact that cancellations were being received."

A. Is that a letter sent by myself or Mr. Tolmie.

Q. This is a memorandum.

MR. KELLOCK: That is Mr. Tolmie's.

MR. McRUER: No, just a moment now. It has not got a signature on it.

THE SECRETARY: That memorandum is filed as Exhibit 483, Mr. McRuer.

MR. KELLOCK: The witness said it was Mr. Tolmie's, as I recall it.

BY MR. McRUER: Q. Well, I want to know whether it is true or not, that is all.

THE COMMISSIONER: What is that about cancellations, because we discussed the question of cancellations, yesterday, and, as I recollect it, he found only one.

MR. McRUER: Yes, my lord, and that was not directly attributable to Japanese.

THE COMMISSIONER: That is the statement there?

THE WITNESS: I have some information, my lord,

and Fall seasons of 1930, 11,821 fleece (averaging 37 pounds per fleece). At the last [illegible], we have [illegible] production on these two ranges, we had a total stock of 4,407 fleeces. The ewes stock included about 100 of the total in process or manufacture which was to be woven out, and also included a few hundred pieces of goods held for forward delivery which we had to include owing to the fact that cancellations were being received.

Q. Is that a letter sent by myself or Mr. Johnie.

A. This is a memorandum.

MR. KELLOGG: That is Mr. Johnie's.

MR. [illegible]: No, just a memorandum. It was not sent to anyone.

THE COMMISSIONER: That memorandum is filed as Exhibit 400, Mr. [illegible].

MR. KELLOGG: The witness said it was Mr. Johnie's, as I recall it.

BY MR. MORGAN: Q. Well, I want to know whether it is true or not, that is all.

[illegible]

yesterday, and, as I recollect it, he found only one.

A. MORGAN: Yes, my lord, and that was not [illegible] to Japanese.

THE COMMISSIONER: What is the [illegible]

MR. KELLOGG: I have some information, [illegible]

prepared for you about cancellations.

THE COMMISSIONER: Yes, you promised me that yesterday.

MR. McRUER: This reads, my lord:

"The above stock includes about 10 per cent. of the total in process or manufacture which has to be woven out, and also includes a few hundred pieces of goods sold for forward delivery which we had to include owing to the fact that cancellations were being received."

THE WITNESS: That is a memorandum, I think, from Mr. Tolmie to me.

Q. Well, I want to know about the cancellations, if you are declaring,- A. Well, we --

Q. Please let me finish my question. You are declaring here what the stock amounted to, and why it amounted to that, and you said you had to include a few hundred pieces of goods for forward delivery which we had to include owing to the fact that cancellations were being received. And the letter goes on to say:

"It will be seen from the above that at the time production was discontinued we had a stock equivalent to 43% of an entire year's sales."

Now, I want to know the cancellations, who they were and where they came from? A. I think I promised his lordship yesterday that I would have such a memorandum prepared.

prepared for you about cancellations.

THE COMMISSIONER: Yes, you promised me that yesterday.

Mr. MORDEN: This reads, my lord:

"The above stock involves about 10 per cent of the total in process or manufacture which has to be woven out, and also includes a few hundred pieces of goods sold for forward delivery which we had to include owing to the fact that cancellations were being received."

THE WITNESS: That is a memorandum, I think, from Mr. Tolmie to me.

Q. Well, I want to know about the cancellations, if you are declaring.- A. Well, we --

Q. Please let me finish my question. You are declaring here that the stock involved is, and it amounted to th at, and you said you had to include a few hundred pieces of goods for forward delivery which we had to include owing to the fact that cancellations were being received. And the letter goes on to say:

"It will be seen from the above that at the time production was discontinued we had a stock equivalent to 63% of an entire year's sales."

Now, I want to know the cancellations, who they were and where they came from? A. I think I promised his lordship yesterday that I would be e such a [illegible] witness.

THE COMMISSIONER: Including the last six months of 1935.

THE WITNESS: Yes, including the last six months of 1935. That is to be prepared.

BY MR. McRUER: Yes, and this takes us up to the 24th of February? A. Yes.

Q. And it goes on, - apparently your stock on hand was very heavy, because you say here:

"At the time production was was discontinued we had a stock equivalent to 43% of an entire eyear's sales."

Now, that was a very heavy stock to be carrying on hand, was it not? A. It seems to me to be very heavy.

Q. And don't you think it was a very convenient time to switch on to something else? A. I haven't any knowledge at all. There was no hint came to me at any time that production was to cease on these goods.

Q. But you are swearing that it had ceased because of Japanese competition, or are you swearing to that? A. I am saying, that Mr. Tolmie gave the mill instructions to let the warps run out; he telephoned that on January 8th due, so he says, to the effect of this Japanese competition.

Q. Now listen, I want to put you right up against it, Mr. Dawson? A. All right.

Q. I am going to ask you: Are you swearing, that the course that was taken of discontinuing production was on account of Japanese production? A. So far

THE COMMISSIONER: Including the last six months of 1939.

THE WITNESS: Yes, including the last six months of 1939. That is to be prepared.

BY MR. MERRIN: Yes, and this takes us up to the 28th of February? A. Yes.

Q. And it goes on, - apparently your stock on hand was very heavy, because you say here:

"At the time production was was discontinued we had a stock equivalent to 4½% of an entire year's sales."

Now, that was a very heavy stock to be carrying on hand was it not? A. It seems to me to be very heavy.

Q. And don't you think it was a very convenient time to switch on to something else? A. I [illegible] any knowledge at all. There was no hint came to me at any time that production was to cease on those goods.

Q. But you are swearing that it had ceased because of Japanese competition, or are you swearing to that? A. I am saying, that Mr. Tolmie gave the mill instructions to let the warps run out; he telephoned that on January 4th due, so he says, to the effect [illegible]

Q. Now listen, I want to put you right up against it, Mr. Dawson? A. All right.

Q. I am going to ask you: Are you swearing, that the course that was taken of discontinuing production [illegible]

as I know.

Q. Oh, so far as you know? A. The information I had came from the General Manager, and he says he stopped production for that reason.

Q. And that he would not have stopped production in any case, when you had a 43% stock on hand? What do you say, Mr.Dawson? A. Well, I have no information on that point, Mr. McRuer. I know he told me that he had stopped because of the effect of those low quotations from Japan that was making it impossible for them to make them any longer.

Q. But he did not tell you whether he would have stopped them in any event? A. I have no information as to that at all, and if I had, he probably would have told me that the stocks were heavy, and he would have to stop anyway.

Q. There is no doubt that the stock was heavy, a 43% stock? A. Yes.

Q. Now, this letter continues:

"We were subsequently able to book small orders here and there by guaranteeing customers that we would either meet Japanese values when the Japanese goods were actually available to them, or that we would take goods which they still have in stock off their hands. To-day we were advised by Greenshields, Hodgson, Macine of Montreal, that they would expect us to carry out our guarantee as some of the Japanese cloth

as I know.

Q. Well, so far as you know? A. The information I had came from the General Manager, and he says he [illegible] [illegible] [illegible].

Q. And that he would not have stopped production in any case, when you had a 4½% stock on hand? What do you say, Mr. Hanson? A. Well, I have no information on that point, Mr. Mosher. I know he told me that he had two good reasons of importance of those low quotations from Japan that was making it impossible for them to make them any lower.

Q. But he did not tell you whether he would have stopped them in any event? A. I have no information as to that at all, and if I had, he probably would have told me that the stocks were heavy, and he would [illegible] [illegible].

Q. There is no doubt that the stock was heavy, is not [illegible]? A. Yes.

Q. Now, this letter continues:

"We were subsequently able to book small orders [illegible] [illegible] by [illegible] [illegible] [illegible] we would either meet Japanese values when the Japanese goods were actually available to them, or that we would take goods which they still have in stock off their hands. To-day we were advised by Greenfields, Hodgson, Leone of [illegible], that they would expect us to carry out

had actually arrived in Montreal."

Did you ever have to take any stock off the hands of Greenshields, Hodgson & Racine, on account of Japanese goods? A. I have no information as to that. I can secure that information for you, Mr. McRuer, if you care for it.

Q. Were you here when the buyer from Green shields & Company was in the box, Mr. Dawson? A. Only part of the time.

Q. I see. Well, had there been any suggestion of a guarantee, or anything like that, I should have thought your counsel,---

MR. KELLOCK: My friend does not need to comment on that. We will find the fact, whatever it is.

BY MR. McRUER: Q. I know, but this says that you have been notified by them that you ought to carry out your guarantee. Did you have to carry out the guarantee? A. I will find out, Mr. McRuer.

MR. KELLOCK: The witness says he does not know. He will find out.

THE WITNESS: What is the date of that letter?

MR. McRUER: The 24th February, 1936.

THE WITNESS: 24th February, 1936?

BY MR. McRUER: Q. Yes. You see, I have to be rather meticulous with this because you are making representations to the Government, and I want to find out whether there was any foundation for them. A. Perfectly right.

Did you ever have to take any stock off the hands of Greenwaldie, Hodgson & Hoeing, on account of damaged goods? A. I have no information as to that. I can secure that information for you, Mr. Lemmer, if you care for it.

Q. Were you here when the buyer from Green Shield & Company was in the box, Mr. Lemmer? A. Only part of the time.

Q. I see. Well, had there been any suggestion of a guarantee, or anything like that, I should have [illegible]

MR. KELLOGG: My friend does not need to comment on that. He will find the fact, whatever it is.

[illegible] Q. I know, but Mr. [illegible] that you have been notified by them that you ought to carry out your guarantee. Did you have to carry out the guarantee? A. I did [illegible], Mr. Lemmer.

MR. KELLOGG: The witness says he does not know. He will find out.

THE WITNESS: What is the date of that letter?

Q. [illegible] the [illegible], [illegible].

THE WITNESS: Sixth February, 1926?

BY MR. McGUIRE: Q. Yes. You see, I have to be rather careful with this because you are [illegible] [illegible] in the Government, and I can find out [illegible] [illegible] in [illegible] [illegible].

Q. Because we expect you to be meticulous when you make representations to the Government.

A. We will have to see whether those orders were ever cancelled or reduced in price, yes.

Q. And on account of the Japanese goods? A. Yes, exactly.

Q. And if such course was not taken it is quite clear you did not take the trouble to advise the Government that that had not been done.

A. If I recall the evidence that I did hear from Greenshields, it was that they had purchased a large quantity of the taffeta. It must be, - in the interim, I suppose, while they were waiting for this stuff to come in, he was able to dispose of the stuff at a price---

Q. Well, Greenshields have been buying the same stuff from you since, have they not? A. Well, that I don't know, Mr. McRuer.

Q. Well, to continue with this memorandum:

"As already stated, the sale of other and better qualities of rayons has been seriously affected by the Japanese situation, and although we keep on our normal full production for some time, I felt upon reviewing the sales and stock situations on February 7th, that regardless of the effect on employment and mill earnings, we could not justify ourselves in keeping up this production."

ROBT. BAYON

And again I have to come back to the fact, Mr. Dawson, that you bought more rayon yarn for the first five months of this year than you did for the same period last year. A. But, as I understand it, to supply a different class of goods.

Q. That may be, to supply a different class of goods but it requires employment; you may switch from one to the other.

MR. KELLOCK: My friend is not right, my lord. My recollection is that that did not occur until some months later.

MR. McRUER: Oh, take the months of January and February.

MR. KELLOCK: That is the time that letter was written. You will find that the months of January and February --

MR. McRUER: Yes, the months of January and February, look at them and you will find that these months were above the same two months last year.

MR. KELLOCK. That is not my recollection.

MR. McRUER: Well, look it up.

Q. Then we come to another statement, Mr. Dawson:

> "Last year's sales on all four ranges of taffetas mentioned above would give employment to approximately 75 workers in all departments."

So that evidently, so far as you Company was concerned, what was involved was the employment of 75 workers?

and would I have to have that in the case, Mr. Dawson, that you bought more rayon yarn for the first five months of this year than you did for the same period last year. Q. But, as I understand it, to supply a different class of goods.

. That may be, to supply a different class of goods but it requires employment; you may switch from one to the other.

MR. KELLOCK: My friend is not right, my Lord. My recollection is that that did not occur until some months later.

MR. MORDEN: I, that the knitting of hosiery was February.

MR. KELLOCK: That is the time that letter was written. You will find that the months of January and February --

MR. MORDEN: Yes, the months of January and February. Look at them and you will find that these months were above the same two months last year.

MR. KELLOCK: That is not my recollection.

MR. MORDEN: Well, here it is.

Q. Then we come to another statement, Mr. Dawson:

"Last year's sales on all four ranges of knitting machinery were small and disappointing in comparison to expectations."

So that apparently, so far as you remember the situation

A. Up to that time.

Q. Yes, then another letter of the 29th of February, 1936.

THE COMMISSIONER: Is this a new ltter, Mr. McRuer?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 503.

EXHIBIT 503: Letter dated February 29th, 1936, from Mr. Dawson to Mr. Dunning.

THE COMMISSIONER: That is a letter to Mr. Dunning again, is it?

MR. McRUER: Yes, my lord, dated February 29th, 1936. The third paragraph:

"It is rumoured around this city that some Japanese merchants and manufacturers have rented the large Greenshields warehouse on Victoria Square, which had been vacant for some time. This warehouse is to be used as a distributing centre for Japanese goods of all kinds. If this warehouse is actually occupied by Japanese interests I will let you know of it. In any case, it is quite certain that Japan is going to make a very special effort to secure a large part of the textile industry of Canada."

Was the warehouse occupied by Japanese interests?

A. Not so far as I know, Mr. McRuer.

Q. You have never known of it? A. I understand that they had been occupying premises adjoining that building, in the McIntyre Building.

. Up to that time.

Q. Yes, then another letter of the men of Vancouver, 1909.

THE CHAIRMAN: Is this a new letter, Mr. McNaughton?

Q. Yes, my lord.

THE COMMISSIONER: That will be Exhibit 200.

EXHIBIT 200 Letter dated February 4th, 1909, from Mr. Dawson to Mr. Lemieux.

THE COMMISSIONER: What is a letter to Mr. Lemieux again, is it?

Q. Yes, my lord, from Vancouver City.

THE COURT REPORTER:

"It is rumoured around this city that some Japanese merchants and manufacturers have rented the large Greenshields warehouse on Victoria Square, which had been vacant for some time. This warehouse is to be used as a distributing centre for Japanese goods of all kinds. If this warehouse is actually occupied by Japanese later on I will let you know of it. In any case, it is quite certain that Japan is going to make a very special effort to secure a large part of the textile industry of Canada."

Q. Do the Greenshields manufacture textiles?

A. Not so far as I know, Mr. McNaughton.

Q. Was that Sales Force Ltd?

A. I remember that was the company which occupied that building, in the McintYre Building.

Q. Where? A. On Victoria Square.

Q. How big are the premises? A. It is quite a large place. The portion they are occupying I cannot tell. I understood there were five Japanese there waiting for developments.

Q. Who told you that? A. Well those, as I say, were rumours. These are reports that our salesmen brought in.

THE COMMISSIONER: What is the condition to-day? Is there any such happening?

BY MR. McRUER: Q. You say there are five Japanese awaiting developments? A. That is the rumour, that is what we are told.

Q. Well, I want to track those rumours down, if I can ? A. Those who told would know what it is. I stated in my letter that these rumours, come about--

BY THE COMMISSIONER: Q. I am not referring to your letter. You had time to verify whether the rumour there was correct or not? A. Well, that particular warehouse has not been taken to my knowledge.

Q. Has any place ever been taken? A. I understand they occupy premises adjoining, but I don't know how much, that is, in adjoining premises to the Greenshields' premises, but apparently the thing has been standing in abeyance.

Q. Was this supposed to be a warehouse?

MR. KELLOCK: Yes, my lord.

THE WITNESS: This is a large building on Victoria

Q. Where? A. On Victoria Square.

Q. How big are the premises? A. It is quite a large place. The portion they are occupying I cannot tell. I understood there were five Japanese there waiting for developments.

Q. Who told you that? A. Well these, as I say, were rumours. These are rogue is that our salesmen brought in.

THE COMMISSIONER: What is the condition to-day? Is there any such happening?

BY MR. MORSON: Q. You say there are five Japanese awaiting developments? A. That is the rumour, that is what we are told.

Q. Well, I want to track these rumours down, if I can? A. Those who told would know who it is. I stated in my letter that these rumours come about--

BY THE COMMISSIONER: Q. I am not referring to your letter. You had time to verify whether the rumour there was correct or not? A. Well, that particular warehouse has not been taken to my knowledge.

Q. Has any place ever been taken? A. I understand they occupy premises adjoining, but I don't know how much, that is, in adjoining premises to the Greenshields' premises, but apparently the thing has been attending in abeyance.

Q. Has it been supposed to be a warehouse?

Mr. Allison: Q. By Japs.

MR. FIRKINS: This is a large building on Victoria

square that was previously occupied by Greenshields & Company. Then they moved to St. Paul and it is still vacant, and this was a rumour that the Japanese were going to occupy this building.

BY MR. McRUER: Q. There is one thing certain, Mr. Dawson, that that building is as vacant as it can be unless there are a few mice in it, from all appearances from the outside. In fact, there is a sign on it for sale. A. That is true. Apparently they have not bought it anyway.

Q. No, no, but you make suggestions. Now, we want to get at the facts? A. I know, but the rumour--

Q. I want to track down the rumour if I can. Have you anybody that can tell us that there were five Japanese here just awaiting developments, as you put it? A. Rumour, I say. I cannot tell you to-day just who the particular individual was that told these things.

Q. I know, but that is not worth while telling before a Commission. Cannot you give us the name of the man who told you? A. No, I cannot, Mr. McRuer, It was very important to report the rumour at the time, because if it were true then it would be a very serious matter, but apparently the rumours have not been fulfilled up to the present time. Let us hope that they will not be in the future.

Q. We can hope and pray, but let us deal with facts as they are. Now, I want to show you a

squares that was previously occupied by Greenfields & Company. Then they moved to St. Paul and it is still vacant, and this was a rumour that the Japanese were going to arrange this building.

MR. MORDEN: Q. There is one thing certain, Mr. Dawson, that that building is as vacant as it can be unless there are a few mice in it, from all appearances from the outside. In fact, there is a sign on it for rent. A. That is true. Apparently they have not bought it anyway.

Q. No, no, but you make suggestions. Now, we want to get at the facts? A. I know, but the rumour-

Q. I want to track down the rumour if I can. Have you anybody that can tell us that there were five Japanese here, just considering purchasing, or you put it? A. Rumour, I say. I cannot tell you to-day just who the particular individual was that told these things.

Q. I know, but that is not worth while telling unless you can tell us. Would you give us the name of the man who told you? A. No, I cannot, Mr. Morden. It was very important to report the rumour at the time, because if it were true then it would be a very serious matter, and fortunately the rumours have not been fulfilled up to the present time. Let us hope that they will not be in the future.

Q. We can hope and pray, but let us deal with facts as they are. Now, I want to show you a

Telegram to Mr. Dunning, dated the 7th of March. Will you look at that, please?

THE COMMISSIONER: That is another new exhibit, is it?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 504;

EXHIBIT 504: Telegram, dated 7th March, 1936, from Canadian Cottons Limited to Hon. Mr.Dunning.

THE WITNESS: I presume that was sent by Mr.Tolmie. I have not seen it before.

BY MR. McRUER: Q. You have not seen this before? A. No.

THE COMMISSIONER: I thought the telegram was from Mr. Dawson.

MR. McRUER: No, it is a telegram from Canadian Cottons to Mr. Dunning.

THE COMMISSIONER: What is the date of it, please?

MR. McRUER: March 7th, 1936. It says:

"Our Vancouver Representative wires quote Gaults offered brocaded rayon taffeta which will land here ten and three quarters cents price in Japan equal three and half cents also twenty nine inch white flannelette similar weight our D one thirty seven landed here nine and three-quarters cents price in Japan."Equal five and half cents both prices include sales tax understand they are buying sample shipments unquote our mill cost brocaded taffeta about

Telegram to Mr. Dunning, dated 9th of March.

Will you look at that, please?

THE COMMISSIONER: That is another new exhibit, is it?

MR. [illegible]: Yes, my lord.

THE COMMISSIONER: That will be Exhibit 304.

EXHIBIT 304: Telegram, dated 9th March, 1926, from Canadian Cottons Limited to Hon. Mr. Dunning.

MR. [illegible]: I presume that was sent by Mr. Tolmie. I have not seen it before.

BY MR. MORDEN: Q. You have not seen this before? A. No.

THE COMMISSIONER: I thought the telegram was from Mr. Dawson.

MR. MORDEN: No, it is a telegram from Canadian Cottons to Mr. Dunning.

THE COMMISSIONER: What is the date of it, please?

MR. MORDEN: March 9th, 1926. It says:

"Our Vancouver Representative wires quote Qualite offered brocaded rayon taffeta which will land here ten and three quarters cents price in Japan equal three and half cents also twenty nine inch white Florentine similar weight our D one thirty seven landed here nine and three-quarters cents price in yards." Quote five and half cents both prices include sales tax make-good duty and trading profit equipments supports our will just forwarded letters about

nineteen cents and cotton flannelette
ten cents at mill to which must add freight
and sales tax for comparison Stop Situation
simply means gradual process strangulation
Canadian mills.
Canadian Cottons Limited."

(Page 7385 follows)

(Page 7845 follows)

THE WITNESS: This telegram apparently came from our Vancouver agent and was passed on by Mr. Tolmie, I presume, to Mr. Dunning.

Q. I want to deal with what Canadian Cottons said to Mr. Dunning about flannellette. You complained about Japanese flanelette similar in weight to our D-137, and you say that your flanellette is 10¢ at the Mill? A. And their price is?

Q. Their price 9-3/4¢? A. Landed in Vancouver?

Q. Yes. A. (Witness looks at telegram)

Q. Now, what is the description of your flannelette - D-137? A. 29" flanelette similar to our D-137 landed in Vancouver at 9-3/4¢, our price 10¢ at Mill, to which he says must be added freight and sales tax for comparison.

Q. I don't know how the numbers of your flanellette go? A. This is apparently a line that compares with the Japanese line to which herefers.

Q. Did you have a sample of the Japanese line at that time? A. That I don't know. This is the Vancouver agent wires - "White flannelette similar weight our D-137 landed here." So apparently the Vancouver agent had seen comoring the Japanese goods with our D-137. That is what the telegram says.

THE WITNESS: This telegram apparently came from our Vancouver agent and was passed on by Mr. Toimie, I presume, to Mr. Manning.

Q. I want to deal with what Commodore Cottons said to Mr. Manning about Flamelette. You compared the Japanese Flamelette similar in weight to our D-137, and you say that our Flamelette is 10¢ at the Mill?

A. And their price is?

Q. Their price 9-3/4¢?

A. Landed in Vancouver.

Q. Yes.

A. (Witness looks at Exhibit).

Q. Now, what is the difference of your Flamelette - D-137?

A. My Flamelette similar to our D-137 landed in Vancouver at 9-3/4¢, our price 10¢ at Mill, to which be says must be added freight and sales tax for comparison.

Q. I don't know how the numbers of your Flamelette go?

A. This is apparently a line that commences with the cap zone line to which reference.

Q. Did you have a sample of the Japanese line at that time?

A. That I don't know.

This is the Vancouver agent wires - "Jamie Flamelette similar weight our D-137 landed here." So apparently the Vancouver agent has been comparing the Japanese goods with our D-137. That is what the telegram says.

Q. Your D-137 would not be 29" - you do not make 29"? A. "also 29" similar weight."

Q. I show you flanellette, one of your flanelletes - can you tell me whether that is the one that would compete with the Japanese?

A. Not unless it has marked number on it.

Q. It is marked as D-2? A. No, that is not the same thing. My recollection of D-137 - as I say I am not very familiar with our numbers - I think contains a part waste cloth.

Q. Not as good a cloth as this? A. It is a heavier cloth but not so pure.

Q. It would be a cheaper cloth to manufacture? A. That depends. We would have to see it - apparently this man says does compare. As he says here "similar weight our D-138" I presume they are the same.

Q. What I would like to know - D-137 is a cheaper cloth to manufacture than this? A. I should not say so. This, as I recall it, is one of our cheaper lines of flanellette but it is pure cotton.

Q. The other was made up of waste? A. Well, if my memory serves me right I think there is some waste in it but that is only speaking from memory. I am not familiar--

Q. Is there somebody who can produce the D-137?

Q. Does I-127 would not be 22" - is it not more 22"?

A. Also 27 similar weight."

Q. I show you Plaintiff's, or of your illustrations - can you tell me whether that is the one that would compete with the Appellee?

A. Not unless it was served manner on it.

Q. It is marked as I-27 A. No.

that is not the same thing. My recollection of I-127 - as I say I am not very familiar with our - I have never seen it until after death.

Q. Not as good a cloth as this: A. It is a heavier cloth but not so pure.

Q. It would be a cheaper cloth to manufacture? A. That depends. We would have to get it - probably this was made cheaper. As he says here "similar weight our I-128" I presume they are the same.

Q. Will I mean you to know - I-127 is a cheaper cloth to manufacture than that? A. I should not say so. This, as I recall it, is one of our cheaper lines of Flannelette & it is pure cotton.

Q. Has power was made up of water? A. Well, in my memory carried a light I think there is some in the one that is well.

Q. I am not familiar—

Q. Is it a matter of the fact that I-127

A. Surely.

Q. Because it is interesting to me to know what this D-137 is? A. I can have sample of that provided. What is the date of that telegram?

MR. RENE: March 7th.

MR. McRUER: Q. Now, some letters have been filed that passed between you and me, Mr. Dawson. Just give me those letters. They were put in in a group at the end.

MR. WHITELEY: Exhibit 488.

MR. McRUER: Let me see if that is complete. Q. You have not a letter here that opens the correspondence which was addressed to Mr. Dunning? A. I think you referred to it in your letter to me that Mr. Dunning had sent it to you.

MR. McRUER: Have you got the letter to Mr. Dawson from Mr. Dunning?

MR. WHITELEY: That is Exhibit 478.

MR. McRUER: In this letter, Exhibit ~~148~~,478, to Mr. Dunning you say: "Upon my return I found waiting me your kind letter of the 18th inst. At our St. Croix mill at Milltown I found rather a serious condition in regard to our rayon production. As our warps are woven out I am afraid there is nothing for us to do but to stop the looms because we cannot allow that plant to continue to increase the loss that it made last year. But in a short time I will sendyou actual figures."

A. Truly.

Q. Because it is interesting to me to know what this F-12V is! Q. I can have sample of that provided. Not in the case of that telegram.

Mr. Burns: Exhibit 478.

Mr. McNULTY: Q. Now, some letters have been filed that passed between you and me, Mr. Lawson. Just give me those letters. They were put in in a group at the end.

Mr. WHITTAKER: Exhibit 480.

Mr. McNULTY: Let me see if that is complete.

Q. You have not a letter here that opens the correspondence which was addressed to Mr. Lunning?

A. I think you referred to it in your letter to me first Mr. Lunning had sent it to you.

Mr. McNULTY: Have you got the letter to Mr. Lawson from Mr. Lunning?

Mr. WHITTAKER: That is exhibit 479.

Mr. McNULTY: In this letter, Exhibit 479, to Mr. Lunning you say: "Upon my return I found waiting me your kind letter of the 18th inst. at our St. Croix mill at Milltown I found not a serious condition in regard to our raw production. It was with our mills and I am glad to know by nothing for us to do but to stop the loons and we cannot allow that plant to continue to increase the loss that it made last year. But in a short time I will send you actual figures."

Now, what figures had you reference to? A. At that time? What is the date of that?

Q. May 22nd, 1936. A. In our annual statement. Our annual meeting, as I recall it, was held on May 31st. I referred to the report that would be presented to the directors on that date.

Q. We are dealing with the St. Croix Mill. Your annual meeting --? A. That would include that. You will remember prior to that time we had reduced the value of ourinventory because of the fear that we would have to dispose of those goods at, we reduced the value of them.

Q. By the way, did you find out how much you reduced yourinventory all over? A. Yes, I have that, I just got it today. That is a copy of that.

Q. You have not given us here the specific amount that it was reduced at the St. Croix Mill? A. That was handed in in evidence yesterday. You asked for the remainder of the mills.

Q. So that on the other mills you had reduced your inventory by $114,664.18. Let me see the St. Croix? A. It was $118,000.

Q. So that the total reduction of inventory that you made was $232,000, so that your profits for last year would show $232,000 more if we take the books as they were closed on the 31st of March last? A. Our inventory statement

Q. What figures had you reference to at that time? What is the date of that?

A. [illegible] 1924.

Q. [illegible] I'm [illegible] it, was held on my [illegible]. I referred to the report that would be presented to the directors on that date.

Q. We are dealing with the [illegible] Mill. Your annual meeting --?

A. [illegible] include that. You will remember prior to that time we had reduced the value of our inventory because of the fear that we would have to dispose of those goods at, we reduced the value of them.

Q. By the way, did you find out how much your [illegible]?

A. [illegible] I have that, I just got it today. That is a copy of that.

Q. You have not given us here the specific amount that it was reduced at the St. Croix Mill?

A. That was handed in in evidence yesterday. You asked for the remainder of the mills.

Q. So that on the other mills you had reduced your inventory by $114,064.18. Let us see the St. Croix?

A. It was $[illegible].

Q. So that the total reduction of inventory that you made was $[illegible], so that your profits for last year would show $[illegible] more if we take the books as they were closed on the 31st of March last?

A. Our inventory [illegible]

of reduction--

EXHIBIT 505: Statement re reduction of inventory of mills of Canadian Cottons Ltd.

Q. Did you advise the Income Tax Department that you had re-written your inventory? A. No, I did not. They will get it next year if we make it.

Q. They will probably get it this year? A. If these reductions are not necessary it will go into our profit of next year. The income tax may be increased by that time, they may be doing better.

Q. May be down? A. I think if you were in charge of the business, that the reduction in the duties by the new budget, it seemed to be a fair thing to do, and you knew you had to sell your goods at lower prices, to reduce the value of your inventory accordingly. It certainly would be a fictitious statement to give to your shareholders otherwise, it seems to me andwe try to keep on the conservative side.

Q. Then you go on to tell us about the thought of closing the mill down having a personal--? A. A little sentiment there, which is true.

Q. Then that letter is followed by the letters in Exhibit 488 - that is, correspondence between yourself and myself. I wrote and stated that Mr. Dunning had referred your letter to me and you had added a paragraph in your letter about Japanese

of reduction--

MR. BOOTH: Statement re reduction of inventory of mills of Canadian Cotton Ltd.

Did you advise the Income Tax Department that you had re-written your inventory? No. I did not. They will get it next year if we make it.

Q. They will probably get it this year?

A. If these reductions are not necessary it will go into our profit of next year. The income tax may be increased by that time. They may be doing better.

Q. May be down? A. I think if you were in charge of the business, that be re-

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ction in the duties by the new budget, it s good to be a fair thing to do, and you knew you had to sell your goods at lower prices, to reduce the value of your inventory accordingly. It certainly would be a fair assessment in view of your

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warehouses otherwise, it seems to me anyone ly to keep on the conservative side.

Q. Then you go on to tell us about the thought of closing the mill down having a personal--?

A. A little sentiment there, which is true.

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Q. Then that letter is followed by the letters in Exhibit 488 - that is, correspondence between Vivian and myself. I wrote and stated that Mr. Dunlop had referred your letter to me and you had noted a paragraph in your letter about Japanese

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exports, not referring to imports into Canada but the exports to the world generally, and I say:- "I note what you say in regard to Japanese exports. I would be pleased if you would give me any information you have that indicates this matter has any bearing on the conditions that have arisen in regard to the Milltown operations. I shall be in Montreal next week. I expect to register at the Windsor Hotel. If you desire we will take up the affairs of the Canadian Cottons Ltd. very early in the month of June." You write back acknowledging my letter: "I enclose a few particulars in regard to our St. Croix Mill, where all our rayon cloths are produced. I am also having prepared some figures showing the earnings of this mill in recent years. If you could make it convenient to visit Milltown" etc. Now, the statement that you enclosed was not make a part of your exhibit the other day? A. The statement of earnings? Yes, I think so.

Q. No, the statement in regard to the Milltown mill. You see, here I had asked for the bearing that the Japanese exports had on the conditions at Milltown and you say: "I enclose a few particulars in regard to our St. Croix Mill." Now, that was enclosed? A. Yes sir, that is it.

Q. I think this should be attached to this exhibit 488? A. That was practically a copy of my letter to Earl Dunning. I dated it April 6th as I recall.

exports, not referring to imports into Japan but the exports to the world generally, and I say:-

"I note what you say in regard to Japanese imports - would be pleased if you would give us any information you have that indicates this matter was any concern on the conditions that have arisen in regard to the Milltown operations. I shall be in Montreal next week. I expect to register at the Windsor Hotel. If you wish to see me while I am in the city, let me know."

You write back acknowledging my letter:

"I enclose a few particulars in regard to our Lachute Mills, where all our rayon cloths are produced. I am also sending particulars regarding the earnings of this mill in recent years. If you could make it convenient to visit Milltown, etc.

Now, the statement that you enclosed was not more a part of your exhibit the other day?

A. The statement of earnings? Yes, I think so.

Q. No, the statement in regard to the Milltown mill. Was it, sir, that it was the feeling that the Japanese experts had on the conditions at Milltown and the [illegible] of the [illegible] in charge in the Lachute Mills.

A. I think this should be attached to this exhibit 4882?

A. That was presumably a copy of a letter to Mr. [illegible].

--Particulars in regard to St. Croix Mill attached to Exhibit No.488.

MR. McRUER: Now, you in this memo that was enclosed with the letter to me, you tell about the history of the Milltown mill, how it was commenced by some American capitalists and how you manufactured ginghams there, etc. and then you go on on page 2:

"As the rayon industry was just coming to the fore we decided to equip that particular mill for the making of these goods. For this purpose we spent in excess of three-quarters of a million dollars, bringing our total investment in Milltown, N.B., to over four million dollars."

I would like to know how you calculate that investment at the mill there of four million dollars?

A. That was actual money that had been put in it from its inception. That is what it cost somebody.

Q. How is it calculated? You made this statement - there must be some Capital Account?

A. Actual cash put into it, cost of the mill.

Q. Where is that shown? A. The books of the company reveal that.

Q. That there has been $4,000,000 spent in building and equipping this mill down there?

A. Through the years.

Q. Does that include machinery that has been discarded and written off? A. That is everything.

—Continuing in regard to it. Gronx will attached to Exhibit No.186.

Mr. MOUNTAIN: Mr. , you in this memo that was enclosed with the letter to me, you tell about the history of the Killiwan mill, how it was commenced by some American capitalists and how you manufactured giantons there, etc. and then you go on on page 2.

"We had no idea we was just coming to the fore we decided to equip that particular mill for the making of these goods. For this purpose we spent in excess of three-quarters of a million dollars, bringing our total investment in Killiwan, N.S., to over four million dollars."

I would like to know how you calculate that investment at the mill there of four million dollars?

A. That was actual money that had been put in it from its inception. That is what it cost somebody.

Q. How is it calculated? You made this statement - there must be some arithmetic behind it.

A. Annual cash put into it, cost of the mill.

Q. Where is that shown? A. The actual of the company never that.

Q. That there has been $4,000,000 spent in building and equipping this mill down there?

A. Through the years.

Q. Does that include machinery that has been discarded and written off? A. That is

Q. You have not invested if you have pulled one lot of machinery out and put in another lot to manufacture rayon - you cannot say that is an investment down there? A. The money is still there. It has either got to be provided for by depreciation or has got to pay earnings on it.

Q. You think the public of Canada has got to be made to carry it? A. Well, they never have.

Q. Well, that is what you are asking to be done? A. We have not. We are just making a statement that it cost that much money, that Mill and equipment cost $4,000,000 sunk in the operation. Does not mean to say we will ever get it back.

Q. "It is exceedingly disappointing, therefore, that just as we were about to quote 'turn the corner' Japanese rayon had started to pour into Canada." Do you take that to be a correct statement? A. At the time I made it I thought it was and believe yet that it is true.

Q. That they are pouring into Canada?

THE COMMISSIONER: What date is this?

Mr. McKIM: This is enclosed in a letter of June 1st, 1936.

Q. And you say it is practically a copy of letter of June 6th that you sent to Mr. Dunning? You evidently wrote to him too in the same strain?

Q. You have not invested if you have piled one lot of machinery out and put in another lot to manufacture rayon - you cannot say that is an investment down there? A. The money is still there. It has either got to be provided for by depreciation or has got to be carried on it.

Q. You think the public of Canada has got to be made to carry it? A. Well, they would.

Q. Well, that is what you are asking to be done? A. We have not. We are just making a statement that it cost that much money, that mill and equipment cost $4,110,000 sunk in the operation. I do not mean to say we will ever get it back.

Q. "It is exceedingly disappointing, therefore, that just as we were about to create 'turn the corner' Japanese rayon had started to pour into Canada." Do you take that to be a correct statement? A. At the time I made it I thought it was and believe yet that it was true.

Q. That they are pouring into Canada?

MR. [illegible] Just like so that?

MR. MORDEN: This is enclosed in a letter of June 1st, 1936.

Q. And you say it is practically a copy of letter of June 6th that you sent to Mr. Dunning? You evidently wrote to him too in the same strain.

A. I think my letter - it will be on file there - I think my letter to Mr. Dunning was April 6th, was not it?

MR. KELLOCK: That is right.

MR. McRUER: Q. This is what you sent on to me in reference to your Milltown mill on the invitation to state what bearing the Japanese exportations had on the operations at Milltown and you referred to the Japanese goods pouring into Canada. Now, you have heard what all buyers have said, heard all the testimony that has been given and we will give you some more as to the actual importations. Do you think it is a fair way to put it, that they are pouring into Canada now? A. Yes, I do. I think the receipt at Vancouver of 7000 yards in three months can be considered a very serious matter to the industry here;

Q. Has the industry reached this position that 7000 yards is a very serious matter for the industry in three or four months? A. It is a very good start I should say.

Q. Is it serious for the industry up to the present time because we have had several that said it is not? A. It is a sufficiently serious situation we confront that we are stopping producing these goods.

Q. You are going to stop producing them when you are faced with the importationsas they are at the

A. I think my letter - it will be on file there - I think my letter to Mr. Dunning was April 6th, was not 1?

Q. I ASK M: That is right.

Q. ASK M: Mr. Mills, you went on to me in reference to your Milltown mill on the invitation to state what bearing the Japanese exportations had on the operations at Milltown and you referred to the Japanese goods pouring into Canada. Do you have heard what all buyers have said, heard all the testimony that has been given and we will give you some more as to unfavourable importations. Do you think it is a fair way to put it, that they are pouring into Canada now? A. Yes, I do. I think the receipt at Vancouver of 7000 yards in three months can be considered a very serious matter to the industry here.

Q. Has the industry reached this position that 7000 yards is a very serious matter for the industry in three or four months? A. It is a very good start I should say.

Q. Is it serious for the industry up to the present time because we have had several that said it is not? A. It is a sufficiently serious situation we contend that we are stopping [illegible] goods.

Q. You are going to stop producing them when you are faced with the importations they are at the

present time, and if they carry on at the same rate and do not increase any more than they have done, you will still continue making those goods? A. We will not continue making any more of those goods, if they continue at present. We cannot do it, because ours cost 17¢ and over and they are landed here at 11½¢. The thing tells its own story.

Q. Have you been receiving serious competition from this flannelette, the flanellette you complain about in the telegram? A. As far as I know they re only sample lots been ordered by the buyers.

Q. There is nothing serious in regard to that? A. Not as yet.

Q. Now, you are going to give me the specified cost in detail? A. I would like to have those cards for that purpose, if you do not mind, because we have not duplicates of them. We propose putting on them as you asked for the details costs. The cost there is only in a lump sum.

Q. Why do you need the cards, take 9990? A. I can give you that. If you give me the numbers we can identify them.

THE COMMISSIONER: What is it you happen to hold in your hand?

MR. McKUER: This is Exhibit 468.

THE COMMISSIONER: Samples referred to by the Belding-Corticelli?

press a time, and if they carry on at the same
rate and do not increase any more than they have
done, we will continue making any more of those
goods, if they continue at present. We cannot do
it, because our cost IV4 and over and they are issued
here at 1/4. The thing tells its own story.

Q. Have you been receiving certain competition
from this Flamelette, the Flamelette you complain
about in the telegram? A. As far as
I know they're only sample lots been ordered by the
trade.

Q. There is nothing serious in regard to that?
A. Not as yet.

Q. Now, you are going to give me the complete
cost in detail? A. I would like to have
those cards for that purpose, if you do not mind,
because we have not duplicates of them. We propose
putting on them as you asked for the details costs.
The cost there is only in a lump sum.

Q. Why do you need the cards, take 9999?
A. I can give you that. If you give me the numbers
on the [illegible]

THE COMMISSIONER: What is it you require to hold
in your hand?

MR. [illegible]: This is Exhibit 466.

THE COMMISSIONER: Compil is referred to by the
witness-Cortiecelly

MR. McRUER: Yes.

Q. When these were presented to us I was pressing Mr. Boyd as to what competition your Company had received from these Japanese goods and he had told me, as I understood it, that they could not sell 9,90a on account of this Japanese fabric being on the market and we also gathered that the Belding-Corticelli had discontinued buying from you because of the Japanese goods? A. In that low taffeta.

Q. In the low taffeta, that is right. Had they discontinued buying from you? A. As far as I know they had.

Q. Well, you are the president of the Belding-Corticelli and you are the president of Canadian Cottons? A. Quite. That is the reason that Mr. MacDougall wrote me saying that he had to buy these Japanese goods in spite of himself.

Q. Did you have a conversation with Mr. MacDougall before he wrote the letter? A. No.

Q. Q. Because there was nothing said, up until I discovered this morning, that you had any connection with Belding-Corticelli and I gathered Belding-Corticelli was just a stranger to your Company the same as any other company? A. No.

Q. But we find you the head of both?

A. They would give us the preference all things being equal.

Q. And you cannot control the buying policy

MR. [illegible]:

Q. [illegible] 1 yes

[illegible] Co. [illegible] as [illegible] [illegible] you [illegible]

had received from these Japanese goods and he had told us, as I understood it, that they could not sell these on account of this Japanese fabric being on the market and we also gathered that the Building-Cortiselli had discontinued buying from you because of the [illegible] goods.

Q. In the low bottom, that is right. And they discontinued buying from you? A. As far as I know they had.

Q. Well, you are the president of the Building-Cortiselli and you are the president of Cowdisn Cottons? A. Quite. That is the reason that Mr. Macdougall wrote me saying that he had to buy these Japanese goods in spite of himself.

Q. Did you have a conversation with Mr. Macdougall before he wrote the letter? A. No.

Q. Because there was something said, up until I discovered this morning, that you had any connection with Building-Cortiselli and I gathered Building-Cortiselli was just a stranger to your company the same as any other company? A. No.

Q. But we find on the head of both?

A. They would give me the preference all things being equal.

Q. And you cannot control the buying policy

of Belding-Corticelli? A. Never have attempted to do it. I have left them an absolutely free hand. For instance, they are buying cotton yarns from other people rather than from us at the present time. Mr. Gordon can tell you that, he has captured the business. We never interfere with the buying power, that would not be right.

Q. Is not it a fact that your Company and Dominion Textiles have agreed as to who shall occupy certain fields - that you will occupy the field in yarn-dyed piece goods and they will have the field in dyed piece goods? A. I have no knowledge of such an arrangement.

Q. Oh, now are you swearing there is no such arrangement? A. I don't say that, I say I have no knowledge.

Q. Now, come let us be frank about it. You manufacture yarn-dyed piece goods? A. Yes.

Q. They do not manufacture yarn-dyed piece goods? A. Well, I do not think that is true.

MR. KELLOCK: Because they are not equipped. It is a question of equipment.

MR. McRUER: They can put in equipment for anything.

MR. GORDON: We are in the business.

MR. McRUER: Q. Yes, but as a matter of fact it is well known that there is an arrangement between

of Bellaw-Cortichelli? A. We have never attempted to do it. I have left them an absolutely free hand. For instance, they are buying cotton yarns from other people rather than from us at this present time. We haven't got yet, or have captured the business. We never interfere with the buying power, that belongs to them.

Q. Is not it a fact that your company and Dominion Textiles have agreed as to who should occupy certain fields - that you will occupy the field in yarn-dyed piece goods and they will have the field in dyed piece goods? A. I have no knowledge of such an arrangement.

Q. Oh, now are you swearing there is no such arrangement? A. I don't say that, I say I have no knowledge.

Q. Now, come let us be frank about it. You manufacture yarn-dyed piece goods? A. Yes.

Q. They do not manufacture yarn-dyed piece goods? A. Well, I do not think that is true.

MR. GORDON: Because they are not equipped. It is a question of equipment.

M. MONDER: They can put in equipment for anything.

MR. GORDON: We are in the business.

MR. MONDER: Q. Yes, but as a matter of fact it is well known that there is an agreement between

you about occupying certain fields, is not there? A. Not that I know of.

Q. Did you ever hear of it? A. In a broad sense we arenot making prints.

Q. In a broad sense of course you are not making prints? A. That does not mean that we could not make them or any agreement with the Dominion Textile not to make them.

THE COMMISSIONER: You say, there is an agreemnat between you - whom do you mean?

MR. McRUER: I mean Canadian Cottons and Dominion Textile. That you will occupy certain fields so as not to be engaged in cut-throat competition with one another. Now, that is a fact, is not it? A. I don't think so.

Q. You do not seem to be very strong about it? A. I say I know we would notwant to deliberately enter the print field when we know it is taken care of and we presume the Dominion Textile Company would be sorry to come in our field in a large way. They arecontinuously competing with us on many lines of goods.

Q. On what lines do they compete with you? A. Lines of tweeds and their piece-dyed denims compete very seriously with out yarn-dyed denims.

Q. You did not go into the piece-dyed denims? A. We do some. We do a lot of piece dyeing.

Q. Just be frank about what your arrangement

you about occupying certain fields, is not there?

A. Not that I know of.

Q. Did you ever hear of it? A. In a broad sense we are not making prints.

Q. In a broad sense of course you are not making prints? A. That does not mean that we could not make them or any agreement with the Dominion Textile not to make them.

THE COMMISSIONER: You say, there is an agreement between you - whom do you mean?

MR. MONDAK: I mean Canadian Cottons and Dominion Textile. That you will occupy certain fields so as not to be engaged in out-throat competition with one another. Now, that is a fact, is not it? A. I don't think so.

Q. You do not seem to be very strong about it?

A. I say I know we would network to deliberately enter the print field when we know it is taken care of and we presume the Dominion Textile company would be sorry to come in our field in a large way. They unconstitutionally competing with us on many lines of [illegible].

Q. On what lines do they compete with you?

A. Lines of tweeds and their piece-dyed denims compete very seriously with our yarn-dyed denims.

Q. You did not go into the piece-dyed denims?

A. We do some. We do - lot of plain denims.

Q. Just on [illegible] yarn [illegible]

is and tell us the limits of it and what there is? A. There is no arrangement whatever that I know of. There is a friendly, as you might say, friendly reason, more particularly for business reasons, we would not want to interfere with their field in a large way any more than I presume they would but there is no agreement that they shall not make goods we make and we shall not make goods that they make.

Q. I am not pressing you to say that. You would not be foolish enough to enter into any such an agreement but I want to get the friendly arrangement - just out of courtesy to one another and good faith. I want to get the limits of that. A. I expect if we started to make any prints to-morrow Mr. Cordon might call me up and say - "I am sorry to hear of this, hope it was not serious." But there is no arrangement, I assure you, that I know of that they shall not compete with us and we shall not compete with them

Q. But you do not do it? A. We do do it.

Q. Not on any very serious scale? A. Well, it is serious enough at times.

Q. But it does not get very serious with you, that is right? A. If it got any more serious we probably would have to retire from the field.

Q. You would have to retire because they are

if and tell us the limits of it and what there lay.

A. There is no arrangement whatever that I know of.

Mr. [illegible] (Winnipeg): [illegible] reason, more particularly for business reasons, we would not want to interfere with their field in a large way any more than I presume they would but there is no agreement that they shall not make roads we make and we shall not make goods that they make.

Q. I am not pressing you to say that. You would not be foolish enough to enter into any such an agreement but I want to get the friendly arrangement - just out of courtesy to one another and good faith. I want to get the limits of that.

A. I expect if we started to make any points tomorrow Mr. Ford m might call me up and say - "I am sorry to hear of this, hope it was not serious." But there is no arrangement, I assume you, that I know of that they shall not compete with us and we shall not compete with them.

Q. But you do not do it? A. We do not.

Q. Not on any very serious scale? A. Well, it is serious enough at times.

Q. But it does not get very serious with you, that is right? A. If it got any more serious we probably would have to retire from the field.

Q. You would have to retire because they a e

pretty good fellows and they would oust you out of it? A. They might.

Q. Is that the position that you could not hold your own? A. We certainly cannot stand much more competition from any field.

Q. You seem to be in a kind of a bad way? A. We are. We are making a class of goods that the quantities are small and variety large and the competition therein is keen, and our field is pretty well competitive. For instance, that is why we were forced out of the gingham field, not purposely, by our Dominion Textile friends. They were making prints.

Q. You kind of got the slim end of the stick by that kind of arrangement. They took the print field and you took the gingham and you lost out? A. Yes, we lost out.

Q. Becausedame fashion came along and ruined your end of it? A. That is right.

Q. And they are still left in the field? A. Yes, they reaped the benefit.

Q. Well, who has the controlling interest in Belding-Corticelli? A. Oh, I do not think there is any group that has control of Belding-Corticelli. The stock is very largely distributed. Personally I am only a small shareholder.

Q. There is somebody elects the manager and

pretty good fellows and they would oust you out of it. They okay.

Q. Is that the position that you would not hold your own? A. We certainly cannot stand much more competition from any field.

Q. You seem to be in a kind of a bad way?

A. We are. We are making a class of goods that the quantities are small and variety large and the competition therein is keen, and our field is pretty well competitive. For instance, that is why we were forced out of the Alberta field, very regretably, by our Dominion Textile friends. They were making prints.

Q. You kind of got the slim end of the stick by that kind of arrangement. They took the print field and you took the gingham and you lost out?

A. Yes, we lost out.

Q. Necessarily fusion some time and ruined your end of it? A. That is right.

Q. And they are still left in the field?

A. Yes, they reaped the benefit.

Q. Well, who has the controlling interest in Dominion-Textiles? A. Oh, I do not know there is any group that has control of Dominion-Textiles. The stock is very largely distributed. Canadian is only a small shareholder.

Q. There is somebody elects the m-nager and

directors - some group that control it?

A. No, I think not. I think each year at the Annual Meeting the proxies are sent out to the shareholders, they are asked to give their proxy.

Q. You never know who are going to be the directors, have not the slightest idea, you may be voted out completely? A. We always hope we will not.

Q. How long have you been president of Belding-Corticelli? A. I think it must be about ten years I imagine. I was a director before that.

Q. And are there any of your directors now that are directors of Dominion Textile?

A. Mr. W. A. Black is a director of our Company and also a director of Dominion Textile but he is living abroad and we do not see him any more.

Q. Mr. Morrice used to be a director of both?

A. Yes, the old gentleman, at one time, the old Dominion Cotton. I don't think he was ever a director of Dominion Textile.

Q. What American capital is in Belding-Corticelli do you know? A. None that I know of. I think there are two or three Americans who own stock in the Company that they bought when they deemed wise but there is no control.

Q. Is Canadian Cottons a shareholder? A. In Belding-Corticelli?

Q. Yes? A. No.

directors - some group that control it?

A. No, I think not. I think each year at the annual meeting the proxies are sent out to the general form, they are to fill in their proxy.

Q. You never know who are going to be the three ones, have not the slightest idea, you may be voted out completely? A. We always hope we will not.

Q. How long have you been president of Dominion-Courtaulds? A. I think it must be seven years I imagine. I was a director before that.

Q. Are there any of your direct or non-direct are directors of Dominion Textile?

A. Mr. [illegible] Busck is a director of our company and also a director of Dominion Textile and he is living [illegible] in Montreal.

Q. Mr. Morrice used to be a director of both?

A. Yes, the old gentleman, at one time, the old Dominion Cotton. I don't think he was ever a director of Dominion Textile.

Q. What American capital is in Dominion-Courtaulds to you know? A. None that I know of.

Q. Then there are two or three Americans who own stock in the company that they bought when they [illegible]

Q. As a condition to some of shareholders in Celanese-Courtaulds? A.

Q. Yes? A. No.

Q. They do not own any of the stock?

A. No, none whatever.

Q. Can you tell me has Belding-Corticelli discontinued buying its taffetas from you? A. Well, I would not like to say that without securing information. All I know is that Mr. MacDougall wrote me that he had authorized the buying of 300 pieces because competition compelled him to do it and he authorized the buyer to do it.

Q. Will you get that letter, please? - Letter of Mr. MacDougall to you that he had authorized -- ?

A. It is on the file.

MR. WHITELEY: I think that is April 2nd.

MR. McRUER: Q. As a matter of fact was not that just a little arrangement between you and Mr. MacDougall that he would buy 300 pieces? A. None whatever, absolutely no.

Q. He had never discussed it with you at all?

A. Never at any time. I suppose it was an apology in a sense for having to buy those goods when he had been a customer of ours.

Q. "Our buyer has just shown me a shade card issued by the Japanese Textile Association, which is made up in exactly the same style as the Textile Colour Chart of America and shows 288 colours. The above firm offer to book orders for 10 pieces of any shade at a price that would enable us, they claim to land these goods in Canada at 11½¢ per yd., duty and sales tax paid. Mr. Fairchild, the agent, tells

Q. They do not own any of the stock?

A. No, none whatever.

Q. Can you tell us the letting-particulars contained supply the letters from you?

A. Well, I would not like to say that without refreshing information. All I know is that Mr. McDougall wrote me that he had authorized the buying of 300 pieces because competition compelled him to do it and he authorized the buyer to do it.

Q. Will you get that letter, please? - letter of Mr. McDougall to you that he had authorized -- ?

A. It is on the file.

MR. O'TOOLE: I think that is April 2nd.

MR. MCKEE: Q. In a matter of fact was not that just a little arrangement between you and Mr. McDougall that he would buy 300 pieces? A. None whatever, absolutely.

Q. He had never discussed it with you at all?

A. Never at any time. I suppose it was an apology in a manner for me for to buy Hosiery when he had been a customer of ours.

Q. Our buyer has just shown me a sample card issued by the Jersey Textile Association, which is made up in exactly the same style as the Textile Association that of Jersey and shows 150 colours. Do you find offer to cost us 10 pence or any made at a price that would enable us, they claim to land those goods in Canada at 11½d per yd., duty and sales tax paid. Mr. Fairchild, the agent, tells

us that the different firms who bought sample lots have placed orders for thousands of pieces during the past few weeks."

Well, we will have Mr. Fairchild as a witness about that.

"He says Mitsui & Company are thoroughly reliable in every sense of the word . . . As evidently our competitors are importing these goods, I told our buyer to purchase three hundred pieces, as the investment would not be large and we would see the actual goods and know what they cost to land."

Well, he was not taking a very big risk apparently, a little experiment. Have you had any conversation with him since? A. No, I saw the buyer since.

Q. Who is the buyer? A. A man whose name is Collett and hebrought in to me sample pieces that he had received, that the bulk of the orders had not arrived but he had got sample pieces and from these sample pieces I had him cut off samples which we partially mounted there.

Q. He orders them, the experimental order, he brings them in and then gives to you sample pieces and you have them cut off to put before the Commission? A. Yes.

Q. Well, after all, has that seriously interfered with your business with Belding-Corticelli? A. That is 300 pieces and I have not the records

that the different firms who bought sample lots have placed orders for thousands of pieces during the past few weeks.'

Q. Well, we will have Mr. Mitchell as a witness later.

'The same night I company had successfully rolled in every course of [illegible] . . . Q. Evidently one expect to [illegible] three hundred pieces, as the investment could not be large and we would see the school people and know what they took to lend.'

Q. Well, he was not taking a very big risk apparently, a little experiment. Have you had a conversation with Mr Elliot?

A. No, I saw him [illegible] at Ed.

Q. Who is Mr. Lawrie?

A. A man whose name is Collett and Lebourgeat in to me sample pieces [illegible] and he had not arrived but he had got sample pieces and from these sample pieces I had him set well knowing on we could fly we made [illegible].

Q. Do you [illegible] the experimental work.

A. [illegible] to m it and then gives me [illegible] sample pieces and you have been out of it for [illegible] before the [illegible]

Q. Yes.

Q. Well, [illegible] but that [illegible] from with your [illegible]

A. That is the piece and I have not the [illegible]

ut I presume they will not be ordering any more from us. Why should they with that price?

MR. McRUER: Just let us see all your correspondence with Belding-Corticelli and sales that you made to Belding-Corticelli the first five months of last year and the first five months of this year.

MR. KELLOCK: Of that particular type of goods?

MR. McRUER: All their sales. I wantto see how you are getting along with Belding-Corticelli. One matter I overlooked and that was the last reported speech of Mr. Dawson as reported in the Montreal Gazette of May 30th, 1930. I want to read to you what it is reported you had said in the Montreal Gazette and you will be good enough to tell me if you are correctly reported. It is headed "Textile Industry Outlook Uncertain. Japanese competition serious, Canadian Cottons meeting is told." Did you attend the meeting of Canadian Cottons about May 29th? A. I presided at the Annual Meeting held on the 30th, I think it was the 30th.

Q. "Japanese competition is the most serious problem confronting the Canadian Textile Industry at the present time, Dr. A. O. Dawson, president of Canadian Cottons Ltd. declared at the Annual Meeting of the Company's shareholders yesterday afternoon." Is that a correct statement of what you said?

A. I cannot recall the exact words but I stated that, I no doubt felt it at the time.

ut I presume they will not be ordering any more from us. Why should they with that price?

Mr. Hamilton: Just let me see all your correspondence with Bellingham-Cortiselli and state that you made to Bellingham-Cortiselli the first five months of last year and the first five months of this year.

Mr. Elliott: Do not particular type of cotton.

Mr. Hamilton: All their sales. I want to see how you are getting along with Bellingham-Cortiselli. The matter I overlooked and that was the last reported speech of Mr. Dawson as reported in the Montreal Gazette of May 30th, 1930. I want to read to you what it is reported you had said in the Montreal Gazette and you will be good enough to tell me if you are correctly reported. It is headed "Textile Industry Outlook Uncertain. Japanese competition serious, Canadian cotton meeting is told." Did you attend the meeting of Canadian cotton company May 29th? A. I presided at the Annual Meeting held on the 30th, I think it was the 30th.

Q. "Japanese competition is the most serious problem confronting the Canadian Textile Industry at the present time, Mr. W. G. Dawson, president of Canadian Cottons Ltd. declared at the Annual meeting of the company's shareholders yesterday afternoon." Is that a correct statement of what you said?

A. I cannot recall the exact words but I stated that, no doubt felt it at the time.

Q. It is not a question of whether you felt it? A. I still feel that.

Q. Do not let us get off - just listen to my question: Will you say that this is a correct report of what you said:"Japanese competition is the most serious problem confronting the Canadian Textile Industry at the present time". A. Well, I cannot recall whether that was the exact words but I made some remark at the meeting.

Q. Is it your view now? A. It is my view now.

THE COMMISSIONER: Q. That is what you said? A. That is correct.

MR. McRUER: Q. All right: Then it would be correct to say that you regard the Japanese competition moreseriously than the competition from Great Britain at the present time? A. I would not say that, I think it is serious. I think they are both serious.

Q. I am just taking your words and there must be some place, Mr. Dawson, that we can rely on what you say without having to change it when some other result is put to you. Now, you said here: "Japanese competition is the most serious problem confronting the Canadian Textile industry at the present time." A. I don't know that I said those words. Probably I should have said "One of the most serious problems," and that is my view that it is one of the most serious

Q. It is not a question of whether you told it; I still feel that.

Q. To get it as you of - just listen to my question: will you say that this is a correct report of what you said:"Jap mass competition is the most serious problem confronting the Canadian Textile Industry at the present time". A. Well, I cannot recall whether that was the exact words but I made some remark at the meeting.

Q. Is it your view now? A. It is my view now.

Mr. [illegible]: Q. That is [illegible]?

A. That is correct.

Mr. Mackay: Q. All right. Then it would be correct to say that you regard the Japanese competition as serious than the competition from Great Britain at the present time? A. I would not say that, I think it is serious. I think they are both serious.

Q. I am just taking your words and there must be some place, Mr. Mason, that we can rely on what you say without having to change it with some other result in mind to you. [illegible] Q. You said here: "Japanese competition is the most serious problem confronting the Can ddian Textile industry at the present time." A. I don't know that I said those words. Probably I should have said that if [illegible] and that is my view that it is one of the most serious

problems facing us today and British competition is the other.

Q. Then you want to retract what yousaid a moment ago and that was that this is what you put to the meeting? A. I don't know that I put it to the meeting. I should have said, if at all -it is one of the --.

THE COMMISSIONER: Q. Is this your annual address? A. No, that is not annual address, my Lord, but in the report.

Q. Well, was what you said taken down and was it published? A. That I don't know. I have here the official statement that I made.

MR. McRUER: Q. On that same occasion? A. On that same occasion, yes. It reads as follows:

> "Uncertainty as to how seriously your Rayon Plant and other mills will be affected by the relaxation of restrictions on goods now being imported into this country from Japan."

This is one of the difficulties that we referred to, referring to the outlook.

Q. Did you also mention Great Britain? A. Well, I take that later.

> "Unless adequate steps are taken by our Government to remedy the present situation heavy curtailment of production will be necessary, resulting in a further deplorable increase in the number of workers seeking employment."

problems facing us today and which competition is the other.

Q. Then you want to return what possibly a second ago you had given that this is what you to the meeting? A. I don't know that I put it to the meeting. I should have said, it's all -it is one of the ---.

THE COMMISSIONER: Q. Is this your annual address? A. No, that is not annual address, my word, but in the report.

Q. Well, was what you said taken down and was it published? A. That I don't know. I have here the original statement that I made.

MR. MORDEN: Q. On that same occasion?

A. On that same occasion, yes. It reads as follows:

"Uncertainty as to how seriously your Japan and other mills will be affected by the relaxation of restrictions on goods now being imported into this country from Japan." This is one of the difficulties that we referred to, referring to the outlook.

[illegible]

"Other adequate steps are taken by our government to remove the present situation Heavy curtailment of production will be necessary, resulting in a further deplorable increase in the number of workers seeking

Now, my statement about British goods:

"British manufacturers of textiles, in their ever increasing efforts, to capture the Canadian market are, we are satisfied, offering values that show them little, if any profit. All invoices covering imports bear a declaration by the shipper that the goods covered by said invoices are sold at a reasonable profit over and above cost. That these profits must be exceedi gly small is indicated by the fact that those Lancashire Mills paying any dividends are fee and far between."

(Page 7410 follows)

Now, my statement about British goods:

"British manufacturers of textiles, in their ever increasing efforts, to capture the Canadian market are, as we [illegible], [illegible] [illegible] in this, if any, profit. All invoices covering imports bear a declaration by the shipper that the goods covered by said invoices are sold at a reasonable profit over and above cost. That these profits must be exceedingly small is indicated by the fact that these textile mills paying any dividends are few and far between."

(Page 7410 ends)

"8. The heavy reductions made in the duties on English yarns and cloths as revealed in the recent Budget are going to make it increasingly difficult to operate your Mills at a profit. These Tariff reductions, it appears, were made upon recommendation of the Tariff Board in an Interim Report. It is difficult to understand this action of the Tariff Board as the Canadian Cotton Manufacturers were given to understand that steps would be taken to verify the accuracy of English costs, as submitted to the Board, before bringing in their findings. The Cotton Manufacturers of Canada are satisfied that the new duties on Cottons and Rayons coming into this country from Britain do not cover the handicaps of the Industry, such as high wages, Excise Tax on raw cotton and other materials used in the factories of Canada, high interest rates, high costs of machinery, etc."

That is the official statement that I made at the meeting in question

Q. I want to get back now -- I am going to take that up, but I want to get back to what you are reported in the newspaper to have said. Is it not a fact when you make speeches of this sort you usually hand out a manuscript to the newspapers? A. No.

Q. You never do that? A. Never do that.

Q. You never hand out manuscripts to the newspapers? A. Never, in any case.

Q. Well now, were your proceedings at the annual

"8. The heavy reductions made in the duties on English yarns and cloths as revealed in the recent budget are going to make it increasingly difficult to operate your Mills at a profit.

Q. Will you, please, read your statement in the Hansard upon recommendation of the Tariff Board in an Interim Report. It is difficult to understand this action of the Tariff Board as the Canadian cotton manufacturers stated in substance that steps would be taken to verify the accuracy of English costs, as submitted to the Board, before bringing in their findings. The cotton manufacturers of Canada are satisfied that the new duties on Cottons and Rayons coming into this country from Britain do not cover the handicaps of the Industry, such as high wages, excise tax on raw cotton and other materials used in the factories of Canada, high interest rates, high costs of machinery, etc."

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Q. You never do that? A. Never do that.

Q. You never hand out manuscripts to the newspapers?

A. Never, in any case.

Q. Will you, then, read your statement at the Hansard

meeting taken down in shorthand? A. No, not as far as I know.

Q. Can you find that out? A. Certainly, but where --

Q. It is a very common thing to have the proceedings taken down in shorthand at an annual meeting of a large company? A. If it was done it was done without my knowledge.

Q. Will you inquire and find out? A. Where will I inquire? It certainly was not done with our knowledge. If somebody there took shorthand notes it was without my knowledge.

Q. I am asking you if you did arrange for somebody to go there, I mean a regular person on behalf of the company? A. Certainly not.

Q. No one took that down? A. Certainly not.

Q. Then, we will go back to the newspaper report and see what you say as to the accuracy of the report.

"In order to overcome the uncertainty, Dr. Dawson hoped that the Government would soon establish a valuation for duty purposes on rayon." Did you say that? A. I may have. I told you I cannot verify these statements because my official report was here and any remarks I made later may or may not have been exact. There was no official record--

Q. It isn't a question of officialness. I want to get what views you were handing out to the shareholders? A. Those are my views, alright.

THE COMMISSIONER: Read that to me again?

Q. It is a very common thing to have the [illegible] taken down in shorthand at an annual meeting of a large company? A. If it was done it was done without my knowledge.

Q. Will you inquire and find out? A. Where will I inquire? It certainly was not done with our knowledge. At Kenosha there too shorthand [illegible] it was without my knowledge.

Q. I am asking you if you did arrange for somebody to go there. I mean a regular person on behalf of the company? A. Certainly not.

Q. No one took that down? A. Certainly not.

Q. [illegible] to the [illegible] that are most [illegible] in the [illegible]

The [illegible] Mr. [illegible] hoped that the Government would soon establish a valuation for duty purposes on [illegible]." Did you say that? A. I may have. I told you I cannot verify these statements because my official report was here and any remarks I made later may or may not have been exact. There was no official recording [illegible] question of officialness. I want [illegible] A. Those are my views, right.

[illegible]: Read that to me again?

MR. McRUER: "Dr. Dawson hoped that the Government"--

THE COMMISSIONER: He hoped, that is alright.

MR. McRUER: "--would soon establish a valuation for duty purposes on rayon".

A. That hope still lives.

Q. It is fair to say you said that to the meeting? A. I probably did. I have no recollection of having used those words but if I did those were my views.

Q."If assistance is not given to the industry in the near future, he forecast the closing of plants and the laying off of employees as the cotton industry is finding it almost impossible to operate profitably under existing conditions." Did you say that? A. I won't vouch for that. As I say there were no minutes taken that I know of. If this statement was made, I am not going to say I did say or did not say that.

Q. Well, were they your views? Does that express your views? A. You might read that again, please.

Q."If assistance is not given to the industry in the near future, he forecast the closing of plants and the laying off of employees as the cotton industry is finding it almost impossible to operate profitably under existing conditions."

A. I think that is true.

Q."The Japanese question will come up again for consideration after the Turgeon Commission, which is now conducting an inquiry into the textile industry, makes its report." Did you say that? A. I cannot recall.

Mr. McKAY: "Mr. Dawson hoped that the Government

THE COMMISSIONER: He hoped, that is right.

Mr. McKAY: "--would soon establish a value firm

for duty purposes on rayon".

A. That hope still lives.

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Q."The Commons question will come in again for

consideration after the Turgeon Commission, which

is now conducting an inquiry into the textile

industry, makes its report." Did you say that?

A. I cannot recall.

Q."Competition with England, linked up with recent cuts in the tariff, were other factors mentioned by Dr. Dawson who indicated that labour costs here were about double those of competing mills in England." That is just about as in your report. " The Ottawa Agreement will come up for revision shortly, and it is not known whether further tariff changes will be made as a result.

Dr. Dawson declared that without some measure of protection to equalize difference in costs, the Canadian cotton industry would find it impossible to operate. However, he ended on a hopeful note, stating that next year he expected that the uncertainty, at least, will have been removed from the situation." Is that correct? A. Probably.

Q. That you ended on a hopeful note? A. I hope I did.

Q."After the meeting, Dr. Dawson indicated that sales for the first two months of the current fiscal year that is, April and May, have shown only a moderate decrease, about ten per cent. in value, but that owing to reduction in prices the profits are probably down a greater percentage." Did you say that? A. If I did it is correct. I presume I made the statement.

Q." Directors were re-elected and at a subsequent meeting of the board they declared the regular quarterly dividends of 1½ per cent on the preferred and $1 per share on the common stock,

Q. Commenting with Dawson, Hindle of wool textiles in the tariff, were that factory mentioned by Dr. Dawson who indicated that labour costs here were about double those of competing mills in England." That is just about as in your report.

A. The Ottawa Agreement will come up for revision shortly, and it is not known whether further tariff changes will be made as a result.

Q. Dawson has stated that Canadian wage rates are equal to or exceed those in Britain. The Canadian cotton industry would find it impossible to operate. However, he ended on a cheerful note, stating that next year he expected that the uncertainty, at least, will have been removed from the situation." Is that correct?

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Q. That you ended on a hopeful note? A. I hope so.

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Q. "Directors were re-elected and at a subsequent meeting of the board this declared the regular quarterly dividends of 1½ per cent on the preferred and 1½ per cent on the common stock.

"payable July 2 to holders of record June 13."
That is right? A. Right.

Q. So that you continued to declare your dividend as late as May 29th this year? A. Based on our hope as was expressed.

Q. Oh, you do not declare dividends on hope, do you? A. You have to.

Q. You have to declare dividends on hope? A. Yes.

Q. Well, there will be a lot of dividends. A. We may have to draw on our reserves as we did last year.

Q. Now then, you go on in your annual report, in your official report to the shareholders to say --

"What the Canadian Textile Industry is greatly in need of is a period of rest from the following:-

1. Increasing taxation."

We all might appreciate a rest from that. There is no particular reason why the textile industry should have a rest from that any more than any other body? A. Well, we think we need it anyway.

Q."2. Tariff uncertainty". What is it that you refer to there that you need a rest from? A. Well, these continuous changes. Stability would be a good thing, if we knew, and the trade knew, that there were no changes in tariffs for a period of years it certainly would be helpful.

Q. You think it would be advisable if there are changes to be made to get about them and get them done as soon as possible? A. So we might know

"payable July 2 to holders of record June 15."

That is right? A. Right.

Q. So that you continued to declare your dividend as late as May 29th this year? A. Based on our hope as was expressed.

Q. Oh, you do not declare dividends on hope, do you? A. You have to.

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Q. You think it would be advisable if there are changes that we make in yet about time and yet there are more or more or perhaps? Q. We might know

the worst.

Q. And have the operation over? A. That is right.

Q."3x. Unfair competition from countries with lower living standards". Haven't you had a rest from that for the last five years? A. No, I would not say so.

Q. Well, you have not suffered? A. Our competition from Britain has been very severe and their standards of living are lower than ~~x~~ ours.

Q. You want a rest from that? A. Yes.

Q. A rest from the competition of Britain too? A. We want as far as possible.

Q. I am wondering what you mean, you are asking for the rest here? A. We would like to have stabilityx there too. In other words, as I said, we would like to see England prosperous so she would not have to sell her goods at such low prices.

Q. Well, of course we cannot do much to make England prosperous unless we buy her goods.

"4. A fuller realization on the part of the Government and of the public that this Industry is one of the Country's most valuable assets in that it provides employment for tens of thousands of our citizens and through its large purchases of materials and supplies it adds very materially to the prosperity of many of our other key industries. It should be noted also that the textile industry, through its very large use of raw materials and the shipping of the finished products of the Mills into every section of the country, both urban and rural, makes

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very large use of raw materials and the shipment
section of the country, both urban and rural,

"a very important contribution to the transportation system of Canada."

Of course, as far as the contribution to the transportation system of Canada any other source of supply would contribute to the transportation system?

A. It might not so completely because we buy our supplies for the most part in Canada and the bringing of these to and from our factories must be quite an important industry. For instance, coal, and oil and all the other products that are used in the mills contribute to the transportation system, the transportation industry.

Q. Well, your coal, of course, you import it all pretty well, don't you? A. No.

Q. You buy your coal in Canada? A. For the Eastern mills we buy -- up as far as Cornwall we buy all Canadian coal. Hamilton is American coal.

Q." It is to be hoped that some day all our people will come to see that if our Industries prosper everyone shares in this prosperity. Industries that are continually operating on the verge of bankruptcy are unable to make any contribution to the development of the country."

Well, that is all, thanks.

BY MR. KELLOCK:

Q. Dr. Dawson, my friend was examining you at some length as to the profits which your company had made in past years. Have you worked out for his lordship -- take the year ending in 1936 -- what your profit was

"a very important contribution to the transportation system of Canada."

Of course, as far as the contribution to the transportation system of Canada any other source of supply would contribute to the transportation system?

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Well, that is all, thanks.

BY MR. LAMBOOK:

Q. Mr. Lawson, my friend was examining you at length in regard to the facility which your company has in most plants. Have you considered for the Sir Instance, the time that your mining is just -- what your production

for that year on the basis of operations alone apart altogether from income from investments? A. Yes, I wanted to see for myself and I thought perhaps it might be interesting to the Commission to learn to what extent we taxed the public in the purchase of our goods for the year 1936. I worked it out this way. Our sales were $8,504,589, our mill profit was $260,266.

BY MR. McRUER: Q. What do you mean by mill profit? A. That is our net profit.

Q. That is not your gross profit? A. No, that is net profit.

MR. KELLOCK: Net operating profit. A. I took our net profit for the year before paying dividends.

BY MR. McRUER: Q. Was that after writing down this inventory? A. Yes, that is after writing down the inventory. I simply tried to see to what extent we were taxing the public. I took the net profit for the year which was $196,356.91 and I deducted from there income from investments which was not a tax upon the product of the mills and it gave us a net profit on the goods sold of $108,488 or 1.27%. I am just trying to show that the profits that we made, what tax that we made on the public in the goods that we sold, was a very very small one indeed.

BY MR. KELLOCK: Q. Does that mean out of every dollar that the public paid for your product your net profit was 1.27 cents? A. 1.27%.

Q. That is after paying the tax that you have mentioned? A. Yes.

for the year on the basis of operations alone apart altg either from income from investments? A. Yes, I wanted to see for myself and I thought perhaps it might be interesting to the Commission to learn to what extent we taxed the public in the purchase of our goods for the year 1926. I worked it out this way. Our sales were $6,504,589, our mill profit was $360,566

BY MR. MORROW: Q. What do you mean by mill profit? A. That is our net profit.

Q. That is not your gross profit? A. No, that is net profit.

MR. KELLOCK: Net operating profit. A. I

BY MR. MORROW: Q. Was that after writing down this inventory? A. Yes, that is after writing down the inventory. I simply tried to see to what extent we were taxing the public. I took the net profit for the year which was $192,586.91 and I deducted from there income from investments which was not a tax upon the product of the mills and it gave us a net profit on the goods sold of $168,488 or 1.87%. I am just trying to show that the profits that we made, what tax that we made on the public in the goods that we sold, was a very very small one indeed.

BY MR. KELLOCK: Q. Does that mean out of every dollar that the public paid for your product your net profit was 1.87 cents? A. 1.87%.

Q. That is after paying the tax that you have mentioned? A. Yes.

Q. And providing for depreciation? A. Yes.

BY MR. McRUER: Q. What was the depreciation that year? A. The depreciation was $800,000.

BY MR. KELLOCK: Q. As to that figure of depreciation, Dr. Dawson, would you tell his lordship on what basis that is arrived at? A. That is what the Government allows us, not more and sometimes less. That is the amount we are entitled to under arrangements -- the regular depreciation allowance by the Government.

Q. That is for income tax purposes? A. For income tax purposes.

Q. That is for bricks and mortar it is at a certain rate and for plant and machinery it is at other rates and in figuring your depreciation for that year you have figured it at these rates or less? A. Yes, that is right.

BY MR. McRUER: Q. What was your gross profit for that year? A. Our gross profit -- well, you would have to add. Our gross profit is shown here as $260,000 plus $800,000.

Q. $260,000? A. $260,266.45 plus $800,000 allowed for depreciation and deducting from there bond interest and other head office expenses.

Q. No, but your gross operating profit? A. That is before we deduct head office expenses or taxes or anything?

Q. Yes, before you deduct taxes? A. Well, it was $260,266 plus $800,000 depreciation from which must be taken, of course, head office expenses.

Q. And providing for depreciation? A. Yes.

BY MR. MORGAN: Q. What was the depreciation that

[illegible]

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Q. That is for brick and mortar it is at a certain rate and for plant and machinery it is at other rates and in figuring your depreciation for that year you have figured it at those rates or less?

A. Yes, that is right.

BY MR. MORGAN: Q. What was your gross profit for that year? A. [illegible] -- well, you would have to add. Our gross profit is shown here as $260,000 plus $600,000.

Q. $260,000? A. $860,266.65 plus $600,000 allowed for depreciation and deducting from there bond interest and other item [illegible].

Q. No, but your gross operating profit?

A. That is before we deduct head office expenses or taxes or anything?

Q. Yes, before you deduct taxes? A. Well, it was $260,266 plus $600,000 depreciation from which had to taken, of course, head office expenses.

You cannot call that gross, you must take your head office expenses.

Q. Then, all your taxes go on top of that?

A. Well, $151,000 we deduct from that. In other words the net profit of the year was $196,000 plus $800,000.

Q. Oh, I will get it at some future time.

MR. KELLOCK: If my friend isn't satisfied --

MR. McRUER: No, I am not satisfied.

THE WITNESS: There are the figures here the way we figure it.

BY MR. KELLOCK: On the basis, that percentage that you gave us, was that adequate to pay the dividends which you paid in that year? A. No, we had to -- the net loss transferred to surplus was $105,495.84. In other words, we were short to that extent of the dividends paid, 6% on the preferred and 4% on the common.

MR. McRUER: After writing down the inventory.

MR. KELLOCK: Well, my friend has mentioned that. I will come to that in a minute. In other words, in order to pay dividends you had to resort to income from investments which the company was fortunate enough to make in previous years? Is that right? A. Well, $105,000 was the net loss after we take into account $87,000 that we earned on investments.

Q. In other words, the net profit on operations was not sufficient for the purpose of dividends?

A. Had we not earned anything from investments our loss would have been one hundred and ninety-two, I think.

You cannot call that gross. You must take your head office expenses.

Q. Then, all your taxes go on top of that?

A. Well, $183,000 we deduct from that. In other words the net profit of the year was $196,000 plus $183,000.

Q. Mr. I will get it at some future time.

Mr. [illegible] Q.C. for Fraser Inc's [illegible] —

Mr. [illegible]: No, I am not satisfied.

Mr. [illegible]: These are the figures here the way to figure it.

Q. Mr. [illegible]: In the basis, that gross profit that you move us, was that sufficient to pay the dividends which you said in that year?

A. No, we lost to -- the net loss transferred to surplus was $105,459.84. In other words, we were short to that extent of the dividends paid, 6% on the preferred and 4% on the common.

Mr. [illegible]: After writing down the inventory?

Mr. [illegible]: Well, my friend has mentioned that. I will come to that in a minute. In other words, in order to pay dividends you had to resort to income from investments which the company was fortunate enough to make in previous years? Is that right?

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Q. In other words, the net profit on operations was not sufficient for the purpose of dividends?

A. We did not earned anything from investments our loss would have been one hundred and ninety-two, I think.

Q. Now, you used a phrase in answer to my friend, two phrases, rather; one was cost and the other was cost plus a reasonable profit. I am not sure whether what you mean by that is perfectly plain. Would you tell his lordship in what way you used those words?

A. Well, I tried to make it clear. In figuring our cost we included the mill cost and the overhead and the depreciation, not the full depreciation that we took off, but a basis, a lower amount, and our dividends of 6% on the preferred and 4% on the common.

Q. You include these items in the word cost?

A. Yes.

Q. And when you use the phrase cost plus a reasonable profit what do you mean? A. Anything that we carry to the profit and loss account after making provision for dividends is the amount of that reasonable profit. If we do, we are not always able to do it.

Q. If you eliminated that item which you describe as reasonable profit what situation do you find yourself in, or have you found yourself in, in the event of an emergency? A. Well, we have been reducing our profit and loss account in some cases in some years as you will notice rather than cut out the dividends. You have to have a surplus or you ought to have, every company ought to have a surplus to take care of contingencies, unexpected losses.

Q. What kind of contingencies? A. Well, for instance, one year we lost through flood at the St. Croix Mill, one year we lost $126,000 through

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Q. What kind of contingencies? A. Well, The Dawson, one year we lost Lessard floor at the St. Croix Mill, one year we lost $126,000 through

flood damage. That was unexpected. If we had had no reserves why as far as that plant was concerned that plant would have closed up, or if we had no reserves to draw from we could not have put in a renewal.

Q. That is something you have to have in mind in carrying on? A. To take care of lean years and unexpected losses.

Q. Then, my friend was asking you a number of questions as to the adequacy or inadequacy of the tariff from time to time and your complaints, what my friend characterized as complaints, and I want to ask you this. Can you generalize in any particular year as to the sufficiency or insufficiency of tariff on all your products or does it operate on some differently from the way it operates on others?

A. Oh, undoubtedly. There might be times when we were making quite heavy losses on certain lines and making profits on others so you have to take the average for the year.

Q. When you are described as complaining then it does not necessarily follow you are complaining as to your whole line but only as to some?

A. No. It does not mean we are asking for additional tariffs. We like to let the government know and our shareholders know just the difficulties that we face from year to year. I think it is only fair they should know conditions as they exist.

Q. Now, my friend referred to certain correspondence which you had carried on, some of it in May of 1935 at which time it was said that the Japanese were

Plaus Counsel. Will that satisfy you? If we had had an inventory taken at the time that other inventory would have closed up, or if we had to reserve to draw from we could not have got in a reserve.

Q. What is something you have to have in mind in carrying on? A. To take care of long years and unexpected losses.

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A. No. It does not mean we are asking for added tariffs. We like to let the government know our experiences have just the difficulties that we get from year to year. I think it is only fair they should have such facts as we have.

Q. Now, my friend referred to certain [illegible]

asking concessions over the situation that existed at that time. They wanted the elimination of the fixed value for duty purposes and they wanted some change made in the proclaimed value of the yen, and his lordship asked you this question, and I do not think it was answered; I want to know whether or not at that time when you were writing these letters and pointing out the danger from your own point of view of a relaxation in these things among others if you had figured out as a matter of arithmetic just where the danger lay in making any concessions? In other words had you taken out your pencil and figured what concession in connection with the proclaimed value of the yen would affect your adversely, so that you might be able to state that? A. No, we were fearful of any change as I indicated in my letter. We did not want the door opened at all.

Q. Now, my friend examined you with regard to exhibit 463 which is your letter of the 15th of November last to Mr. Dunning, and my friend made a statement at that time that the Japanese surtax operated against all Canadian exports to Japan. Do you know whether or not that statement of my friend is correct? A. As I recall it it only applied to certain lines of goods. I think, for instance, newsprint, I don't think it was included.

MR. McRUER: Yes, it was.

THE WITNESS: And scrap iron.

MR. McRUER: Newsprint was included.

MR. KELLOCK: I have a document in my hand, my lord,

making representations over the situation that existed at that time. They wanted the elimination of the fixed value for duty purposes and they wanted some change made in the proclaimed value of the yen, and his Lordship asked you this question, and I do not think it was answered; I want to know whether or not at that time when you were writing these letters and pointing out the danger from your own point of view of a relaxation in these things among others if you had figured out as a matter of arithmetic just where the danger lay in making any concessions? In other words had you taken out your pencil and figured what concession in connection with the proclaimed value of the yen would affect your advantage, so that you might be able to state that? A. No, we were fearful of any change as I indicated in my letter. We did not want the door opened at all.

Q. Now, my friend examined you in with regard to exhibit 465 which is your letter of the 18th of November last to Mr. Dunning, and my friend made a statement at that time that the Japanese auction operated against all Canadian exports to Japan. Do you know whether or not that statement of my friend is correct? A. As I recall it it only applied to certain lines of goods. I think, for instance, newsprint, I don't think it was included.

Q. Mr. Lawson: Yes, it was.

MR. TAIT: Sure scrap iron.

MR. [illegible]: [illegible].

MR. [illegible]: I have a document in my hand, my [illegible]

which I should like to file with your lordship's permission. It is the actual products against which the surtax applied.

THE COMMISSIONER: You mean the Chinese surtax?

MR. KELLOCK: The Japanese, my lord.

THE COMMISSIONER: I mean the Japanese, against Canadian goods.

MR. KELLOCK: Yes, and this is a statement dated August 29, 1935, which has been handed to me by Mr. Berry. It is taken from page 153, Commercial Intelligence Journal, of July 27, 1935, and the top half of the sheet shows the Canadian goods as to which the 50% Japanese surtax applied and the bottom half shows those Canadian goods as to which it did not apply, including newsprint, and the value of the Canadian exports to Japan in the preceding year, 1934, as to which the Japanese surtax did not apply, is shown to amount to $9,482,000. I think in the interests of accuracy I would like to file that, my lord.

MR. McRUER: Well, is pulp in there?

MR. KELLOCK: Newsprint.

MR. McRUER: But, pulp, because it cut pulp out.

MR. KELLOCK: Pulp is in there. The surtax applied to pulp but not newsprint. Perhaps you meant pulp.

EXHIBIT NO. 506: Statement showing goods on which Japanese surtax did and did not apply.

THE COMMISSIONER: I know Mr. McRuer referred to

which I should like to file with your lordship's permission. It is the actual protests against this survey applied.

THE CHAIRMAN: Yes, the Canadian Manufacturers' Association.

MR. KNOX: The Japanese, my lord.

THE COMMISSIONER: I mean the Japanese, against Canadian goods.

MR. KNOX: Yes, and this is a statement dated August 29, 1935, which has been handed to me by Mr. Berry. It is taken from page 155, Commercial Intelligence Journal, of July 27, 1935, and the top half of the sheet shows the Canadian goods as to which the 50% Japanese surtax applied and the bottom half shows those Canadian goods as to which it did not apply, including newsprint, and the value of the Canadian exports to Japan in the preceding year, insofar as to which the Japanese surtax did not apply, is shown to amount to $9,482,000. I think in the interests of accuracy I would like to file that, my lord.

MR. MORAN: Well, is pulp in there?

MR. KNOX: Newsprint.

MR. MORAN: Put, pulp, because it cut pulp out.

MR. KNOX: Pulp is in there. The surtax applies to pulp but not newsprint. Perhaps I can [illegible] Mr. [illegible] statement showing goods on which Japanese surtax applied and did not apply.

THE COMMISSIONER: I know Mr. Monner referred

pulp several times and told us that the pulp exports from Canada to Japan the year previously had amounted to about $1,800,000. That was pulp, and that the surtax did apply against Canadian pulp.

MR. KELLOCK: That is correct.

THE COMMISSIONER: This is the first time I have heard of newsprint.

MR. KELLOCK: My friend just said now that it did.

MR. McRUER: I meant pulp.

MR. ZEUTHEN: The witness said newsprint.

MR. McRUER: What does the newsprint amount to?

MR. KELLOCK: It is the biggest amount in the exports to which the surtax does not apply.

MR. McRUER: We are going to get the exports on these things.

THE COMMISSIONER: What happened to newsprint, Mr. Kellock? The Japanese surtax did not apply against newsprint. What happened to the importations, our exportations of newsprint?

MR. KELLOCK: As to whether they went up or down?

THE COMMISSIONER: Yes, during the time of the trade warfare.

MR. KELLOCK: Perhaps Mr. Berry has that.

THE COMMISSIONER: I thought perhaps you were going to tell me so as to argue something.

MR. KELLOCK: No, my lord, I just wanted to put that in because my friend was apparently of the opinion that the surtax applied against all Canadian exports.

pulp several times and told me that the pulp exports from Canada to Japan the year previously had amounted to about $1,870,000. That was pulp, and that the surtax did apply against Canadian pulp.

MR. MACDONALD: That is correct.

THE COMMISSIONER: This is the first time I have heard of newsprint.

MR. MORLOCK: My friend just said now that it did.

MR. MORLOCK: I meant pulp.

MR. CHOUINARD: The witness said newsprint.

MR. MORLOCK: What does the newsprint amount to?

MR. MORLOCK: It is the biggest amount in the exports to which the surtax does not apply.

MR. MORLOCK: We are going to get the exports on these things.

THE COMMISSIONER: What happened to newsprint, Mr. Mallock? The Japanese surtax did not apply against newsprint. What happened to the importations or exportations of newsprint?

MR. MALLOCK: As to whether they went up or down?

THE COMMISSIONER: Yes, during the life of the trade warfare.

MR. MALLOCK: Perhaps Mr. Parry has that.

THE COMMISSIONER: I thought perhaps you were going to tell me so as to save something.

MR. MALLOCK: So, my lord, I just wished to put that in because my friend was apparently of the opinion that the surtax applied against all Canadian exports.

THE COMMISSIONER: Did our surtax apply against all Japanese imports?

MR. KELLOCK: Yes, my lord, I am told it did. Then, my friend, made a statement in examining you on exhibit 491 which among other things includes a letter from Robinson, Little, in Winnipeg, to your Winnipeg office asking cancellation of certain line of material which they had bought, and my friend said that cancellation was not due to Japanese competition --

MR. McRUER: No, I did not say that.

MR. KELLOCK: I took you down as saying that.

MR. McRUER: No, no, I said that you cannot say that it is due to Japanese competition and Mr. Dawson said,"I only surmise it was" and I said "you have nothing on which to found your statement".

THE WITNESS: This letter, the letter from our Winnipeg office was accompanied by this letter from Robinson, Little and Company indicating that was the reason. I took it for granted it was.

BY MR. KELLOCK: Q. Do you know of any other reason? A. I cannot conceive of any other reason.

Q. Then, my friend said in referring to exhibit 483, which is Mr. Tolmie's notes of the 24th of February, 1936, that your consumption of rayon yarn, your purchases of rayon yarn were up at that time. Now, my friend went on to qualify that and say that for the three months, January, February and March --

MR. McRUER: No, I did not, I said for the two

THE COURT SAYS: Did our Bureau really mention all documents imported?

MR. BLACKWOOD: Yes, my Lord, I am told it did.

THE COURT: Well, I shall be expecting you to produce to me, my friend, such a photostat in expounding your argument but would Mr. Barron please indicate a reasonable time for the Dominion to prepare and produce those documents, Lytle, in Dominion, if your Lordship orders certain investigations in existing line of commercial relations between Canada and the United States, and we trained our [illegible] that the Dominion authorities [illegible] MR. BARRON: Yes, I did not know [illegible].

MR. BLACKWOOD: I think [illegible] MR. BARRON: Yes, I said [illegible] that [illegible] "[illegible] Lytle." [illegible] but a matter of [illegible]

THE WITNESS: From Lundy, the letter from our [illegible] office was accompanied by this letter from Robinson, Little and Company indicating that we [illegible] reason. I took it for granted it was.

BY MR. BLACKWOOD: Q. Do you know of any other reason? A. I cannot conceive of any other reason.

Q. Then, my friend said in refusing to exhibit [illegible] AND, which is the [illegible] of the [illegible] [illegible] for the three months, January, February and March [illegible] MR. BARRON: Yes, I did not, I [illegible] for the [illegible]

months, January and February.

MR. KELLOCK: Alright.

MR. McRUER: Because this letter was written the last week in February.

BY MR. KELLOCK: Q. Alright; my friend said that for the two months, went on to say for the two months of January and February, 1936 as against January and February of 1935 your consumption was up, and that is correct, but did you have in mind that the very month in which the letter was written your purchases were 41,263 pounds as against 43,609 in the month of the preceding year? A. When we were just beginning, presumably, to feel the competition.

BY THE COMMISSIONER: Q. What is that? A. That was presumably -- our sales then were beginning to taper off and the purchases naturally would follow. I think that as the months went on that our purchases of these goods dropped.

MR. McRUER: You had bought twice as much in January as you had any month before,--

MR. KELLOCK: I am not talking about January, I am talking about February. I am examining the witness, if my friend will permit me. Now, just one other thing, Mr. Dawson, and that is, my friend seems to doubt the validity of the write off of your inventory in 1936 after the close of your company's year. Now, I want to ask you this, that if you find at any time that you cannot sell your goods at the values at which you have them in your inventory, is there anything unusual about writing down to what

[illegible] Bullock and Firestone.

Mr. [illegible] - Right.

Mr. Bullock: Because this letter was written the last week in February.

BY Mr. [illegible]: Q. Alright; my friend said that for the two months, that on to say for the two months of January and February, 1946 as against January and February of 1945 your consumption was up, and that is correct, but did you move in mind that the very month in which the letter was written your purchases were 41,655 pounds as against 4[illegible],609 in the month of the preceding year? A. When we were just beginning, previously, to feel the consolidation.

BY MR. [illegible]: Q. What is that? A. The war currently -- our sales then were beginning to [illegible] and the pressure actually [illegible].

I think that as the months went on that our purchases of those goods dropped.

Mr. Bullock: You had bought twice as much in January as you had any month before.--

Mr. [illegible]: I am not talking about January. I am talking about February. I am excluding the [illegible]. If my friend will [illegible] Mr. [illegible], and that is, my friend [illegible] to deny the validity of the entries of your inventory in [illegible] the close of your company's year. [illegible], I want to ask you this, that if you find at any time that you cannot well your goods at the values at which you have them in your inventory, is there anything unusual about writing down to what

you think you can sell them at? A. I cannot recall of a change of this kind happening at the close of our year.

THE COMMISSIONER: Writing them down when, for the next year's balance sheet?

BY MR. KELLOCK: Q. At any time; my question is this, Dr. Dawson, that if you find at any time that the values at which you are carrying your inventory are values at which you cannot sell is there anything unusual about writing down your inventory to the values you think you can sell? A. No. We naturally make provision for that when we xx usually take the inventory. We did not know of this condition that arose in connection with the budget when we checked our stonk at the mills on the 31st of March.

BY THE COMMISSIONER: Q. How often do you take stock? A. Every six months.

Q. Twice a year? A. Twice a year.

BY MR. McRUER: Q. You didn't have any advance information on the budget? A. No.

Q. There is just one thing, you see this booklet that I show you. I want to know if you will identify it as a booklet that was prepared by the cotton industry in 1927 expressive of their desires at that time? A. I notice the name Canadian Cottons is in this so I presume we were a party to it.

Q. And it has a statement in it as to what they consider the tariff ought to be. It reads as follows:

you think you can sell them off?

Q. I mean, recall of a change of this kind happening at the close of our year.

THE COMMISSIONER: Writing them down when, for the next year's balance sheet?

BY MR. HELLSON: Q. At any time; my question is this, Dr. Dawson, that if you find at any time that the values at which you are carrying your inventory are values at which you cannot sell is there anything unusual about writing down your inventory to the values you think you can sell? A. No.

We naturally make provision for that when we do usually have an inventory.

Q. Is it not true that arose in connection with the budget when we checked our stock at the mills on the 31st of March.

BY THE COMMISSIONER: Q. How often do you take stock? A. Every six months.

Q. Twice a year? A. Twice a year.

BY MR. McHUGH: Q. You didn't have any advance information on the budget? A. No.

Q. There is just one thing you can read publish that I show you. I want to know if you will identify it as a booklet that was prepared by the cotton industry in 1927 expressive of their desires at that time? A. I notice the name Connolly

Q. And it has a statement in it as to what they

"We submit that, until such time as a scientific revision of the tariff is accomplished, and until world conditions in the cotton trade become more stable, the following general tariff should be put into effect, viz:

Tariff Item No. 520:- Cotton Yarns, N.O.P. 25%.

Tariff Item No. 521:- Grey Cotton fabrics, unbleached, n.o.p. 25%.

Tariff Item No. 522:- White Cotton fabrics bleached, n.o.p. 27½%.

Tariff Item No. 523:- Cotton fabrics printed, dyed or coloured, N.O.P. 32½%.

and that the minimum tariff rates under the British Preferential Tariff be fixed at not lower than 25% off the General Tariff Rates -- the Intermediate Tariff to be rearranged in accordance -- and that consideration be given to the question of drawbacks, previously referred to, excepting as applied to re-exports, and also to existing Special Rates, as pointed out."

May I have this filed?

THE COMMISSIONER: Yes, Mr. McRuer, exhibit 507.

EXHIBIT NO. 507 Booklet prepared by cotton industry for submission to Tariff Board, 1927.

BY MR. KELLOCK: Q. As to that, Dr. Dawson, I suppose the levels at which cotton was selling at that time would have some bearing on what was set out there? A. Yes, at the time that was prepared that apparently was the views held by the industry as to the protection needed. Of course, that protection varies according to the conditions. For instance, on the ad valorem duty it is recognized when cotton is high the protection

"We submit that, until such time as a satisfactory revision of the tariff is accomplished, and until world conditions in the cotton trade become more stable, the following general tariff should be put into effect, viz:

Tariff Item No. 348:- Raw Cotton, n.o.p., free.

Tariff Item No. 351:- Grey Cotton Fabrics, unbleached, n.o.p., 35%.

Tariff Item No. 352:- White Cotton Fabrics bleached, n.o.p., 37½%.

Tariff Item No. 353:- Cotton fabrics printed, dyed or coloured, n.o.p., free.

and that the minimum tariff rates under the British Preferential Tariff be fixed at not lower than 25% off the General Tariff Rates -- the intermediate rates to be rearranged in accordance -- and that consideration be given to the question of drawbacks, previously referred to, excepting as applied to re-exports, and also to existing Special Rates, as pointed out."

May I have this filed?

THE COMMISSIONER: Yes, Mr. Bonner, exhibit 307.

EXHIBIT NO. 307 — Booklet prepared by cotton industry for submission re Tariff Board, 1927.

BY MR. BONNOCK: Q. As to that, Mr. Bonner, I suppose the levels at which cotton was selling at that time would have some bearing on what was set out there? A. Yes, at the time that was prepared that approximately was the views held by the industry as to the protection needed. I mean, that protection being carried to the conditions. For instance, on the ad valorem duty it is recognized when cotton is high the protection

is greater than when the duty is low -- than when the price is low. We figure, and I think the record might be produced for it -- I have it in my mind that when the specific duty was put on cottons that protection was practically the same as it was when the ad valorem duty existed of itself. That is, the drop in cotton in values reduced the ad valorem protection, the duty, to about where it was when the duty plus surplus, or the specific duty was added. I think those figures perhaps could be produced to prove that contention.

BY MR. McRUER: That is only for some things? A. I am thinking now of the textile industry.

Q. I mean only for some things in the textile industry? A. Possibly.

THE COMMISSIONER: Well, is there another witness now?

(page 7430 follows)

ME BEAUREGARD: Avec la permission de la Cour, M. Deslauriers, greffier de la ville de Sherbrooke, est ici pour témoigner. Son témoignage sera court, nous devrions en disposer en quelques minutes.

M. LE COMMISSAIRE: A-propos de la fermeture?

ME BEAUREGARD: Apropos de la fermeture, c'est la connaissance officielle de la fermeture.

M. LE COMMISSAIRE: Est-ce que le maire ne doit pas venir?

ME BEAUREGARD: M. Bradley doit venir lundi. Est-ce que la Cour préfère attendre à lundi?

M. LE COMMISSAIRE: Non, nous allons l'entendre maintenant.

ANTONIN DESLAURIERS est assermenté.

INTERROGE PAR ME BEAUREGARD:

Q M. Deslauriers, quelle est votre occupation, s'il vous plait? R Greffier de la cité de Sherbrooke.

Q Aviez-vous cette occupation au commencement de l'année 1935, en janvier, 1935?

R Oui, monsieur.

Q En votre qualité de greffier de la ville de Sherbrooke, avez-vous eu connaissance d'un certain télégramme envoyé par la ville de Sherbrooke, adressé à l'honorable ministre des Finances?

R Oui, monsieur.

Q Référez-vous à un télégramme adressé le 18 de janvier, 1936? R Oui, monsieur.

Q Signé: A. N. T. Deslauriers, greffier de la cité de Sherbrooke? R Oui, monsieur.

LAC

Me Rodolphe Lemieux: Avec la permission de la Cour, M. Le Jeune, greffier de la ville de Sherbrooke, est-il prêt à témoigner. Son témoignage sera court, nous devrions en disposer en quelques minutes.

M. LE JUGE LITTLE: A-propos de la fermeture?

Me R. LEMIEUX: Après la fermeture, c'est la connaissance officielle de la fermeture.

M. LE JUGE LITTLE: Est-ce que le maire ne doit pas venir?

Me R. LEMIEUX: Il doit venir. Est-ce que la Cour préfère attendre à lundi?

M. LE JUGE LITTLE: Non, nous allons l'entendre maintenant.

Antonin DESLORIERS est assermenté.

INTERROGE PAR Me R. LEMIEUX:

Q. M. Deslauriers, quelle est votre occupation, s'il vous plaît?

R. Greffier de la cité de Sherbrooke.

Q. Avez-vous reçu du ministère du commerce de l'année 1932, en janvier, 1932?

R. Oui, monsieur.

Q. En votre qualité de greffier de la ville de Sherbrooke, avez-vous reçu un télégramme adressé par la ville de Sherbrooke, adressé à l'honorable ministre des finances?

R. Oui, monsieur.

Q. Référez-vous à un télégramme adressé le 12 de janvier, 1932?

R. Oui, monsieur.

Q. Lisez-le, s. v. p., M. Deslauriers, greffier de la cité de Sherbrooke?

R. Oui, monsieur.

Q Adressé à l'honorable Premier Ministre du Canada?

R Oui, monsieur.

Q Ainsi qu'à l'honorable ministre des Finances?

R Oui, monsieur.

Q Ce télégramme se lit comme suit:

"Special emergency meeting City Council held today strongly ask that your Government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment STOP. Our City unable to cope with alarming situation and request your Government take immediate steps to remedy this condition STOP. City cannot take care of such increased unemployment."

Q Est-ce le seul télégramme que la ville de Sherbrooke sous votre signature, a envoyé, soit au Premier Ministre, soit à l'un quelconque des ministres?

R Oui, monsieur.

Q Ce télégramme que je viens de lire, que je prends à la page six de la première journée des audiences de cette Commission, est bien dans les termes que je viens de lire? R Absolument, mot à mot.

Q Alors, voulez-vous dire à cette Commission comment vous en êtes venu ainsi à rédiger ce télégramme. Dabord, votre télégramme réfère à une assemblée d'urgence spéciale. Est-ce une assemblée appelée par avis régulier ou par téléphone?

R Une assemblée du conseil, du comité plénier, appelée par téléphone.

Q Appelée de vous-même, ou sur les instructions de quelques autres personnes? R Sur les instructions du maire.

Q. Adressé à l'honorable ministre du travail.

R. Oui, monsieur.

Q. Ainsi qu'à l'honorable ministre des finances?

R. Oui, monsieur.

Q. Ce télégramme se lit comme suit:

"Special emergency evening session, council meeting today strongly urge that your government intervene immediately over the situation that has developed where by our largest flat silk manufacture employing over a thousand hands has suddenly closed down leaving these people without employment NOW. Our city unable to cope with alarming situation and respect your government take immediate steps to remedy this condition NOW. City cannot take care of such increased unemployment."

Q. Est-ce le seul télégramme que la ville de Kingston vous voire signature, a envoyé, soit en premier ministre, soit à l'un quelconque des ministres?

R. Oui, monsieur.

Q. Ce télégramme que je viens de lire, que je prends à la page six de la première journée des audiences de cette commission, est bien dans les termes que je viens de lire?

R. Absolument, mot à mot.

Q. Alors, voulez-vous dire à cette commission comment vous en êtes venu ainsi à rédiger ce télégramme. Monsieur, vous [illegible] [illegible] de [illegible]. Est-ce une [illegible] [illegible] [illegible]

R. Du conseil, du comité plénier, appelée [illegible].

Q. Inspiré de vous-même, ou sur les instructions du [illegible] autres personnes? R. Sur les instructions en main.

Q Sur les instructions du maire de la ville de Sherbrooke, vous avez appelé une assemblée d'urgence du conseil? R En comité plénier.

Q Du comité plénier qui vous a donné instruction d'envoyer ce télégramme? R Oui, monsieur.

Q " .... strongly ask that your Government intervene immediately over the situation that has developed whereby our ....."

Q Connaissiez-vous quelque chose, personnellement, de ce que dit le télégramme, à savoir: " qu'une situation s'est déclarée,"qu'un état de choses s'est déclaré dans Sherbrooke par lequel, "... notre plus grande industrie de soie rayon, employant 1,000 employés, soudain, a fermé ses portes et a laissé ces personnes sans emploi". Datord, avez-vous eu connaissance de la fermeture..... vous référez au moulin de la Dominion Textile? R Oui, monsieur.

Q A Sherbrooke? R Oui, monsieur.

Q Deuxièmement, comment avez-vous apprisx la fermeture de cette filature, avant de l'écrire dans votre télégramme? R Je l'ai apprise par des employés de cette manufacture.

Q Des employés qui vous ont fait rapport, à vous?

R Qui sont venus à mon bureau, me disant que la manufacture avait fermé temporairement ses portes, qu'ils n'avaient rien à mangér, chez eux, me demandant du secours.

Q Avez-vous la liste des personnes qui vous ont fait rapport? R Oui, monsieur.

Q Voulez-vous produire cette liste-là?

M. LE COMMISSAIRE: Une liste des ~~xxx~~ secours?

MR. BEAUREGARD: Une liste des personnes qui sont allées

Q. Par les instructions du maire de la ville de Sherbrooke, vous avez ap.elé une assemblée d'urgence du conseil? R. Un comité spécial.

Q. Un comité spécial qui vous a donné instruction d'envoyer ce télégramme? R. Oui, monsieur.

Q. " .... strongly hope that your Government intervene immediately over the situation that has developed whereby our ....."

Q. Connaissiez-vous quelque chose, personnellement, de ce que dit le télégramme, à savoir: " qu'une situation s'est déclarée, "qu'un état de crisse s'est déclaré dans Sherbrooke cet jeunel, "... notre plus grande industrie de soie rayon, employant 1,000 employés, soudain, a fermé ses portes et a laissé ces personnes sans emploi". Maintenant, avez-vous en connaissance de la fermeture..... vous référez au moulin de la Dominion Textile? R. Oui, monsieur.

Q. A Sherbrooke? R. Oui, monsieur.

Q. Deuxièmement, comment avez-vous appris la fermeture de cette filature, avant de l'écrire dans votre télégramme? R. Je l'ai appris par des employés de cette manufacture.

Q. Des employés qui vous ont fait rapport, à vous? R. Qui sont venus à mon bureau, me disant que la manufacture vait fermé temporairement ses portes, qu'ils n'avaient rien manqué, chez eux, me demandant de prévoir.

Q. Avez-vous la liste des personnes qui vous ont fait rapport? R. Oui, monsieur.

[illegible]

M. LE COMMISSAIRE: Une liste des gens occupés?

M. BOUCHARD: Une liste des personnes qui sont allés

demander des secours.

M. LE COMMISSAIRE: Exhibit numéro 508.

Est-ce que ces personnes sont allées ensemble?

ME BEAUREGARD:

Q Est-ce que ces personnes-là sont allées séparément ou ensemble? R Séparément.

Q Ces personnes, dont vous avez ici les noms, au nombre de 18, sont-ce des employés de la Dominion Textile? R Ils l'ont déclaré au bureau du secours.

Q Elles se sont rapportés comme employés de la Dominion Textile? R Oui, monsieur. Maintenant, je dois ajouter que quelques-uns sont venus à mon bureau, les autres se sont présentés au bureau des secours de la ville.

Q Le bureau de secours vous-a rapporté les noms?

R M'a fait un rapport pour ces personnes.

Q Sur 18 demandes, 12 ont été acceptées?

R Oui, monsieur.

Q Deux refusées? R Oui, monsieur.

Q Quatre parmi les demandes acceptées.... vous dites: "Acceptées mais sont retournées". Vous voulez dire qui ont pris avantage du secours?

R Ont pris avantage du secours qu'on leur affrait.

M. LE COMMISSAIRE: Est-ce que ce sont des demandes faites le même jour?

PAR ME BEAUREGARD:

Q Cet état du secours, en date du 11 février, 1936, c'est écrit sur le document: "Demandes de secours venues à ce bureau depuis le 17 janvier". Alors, c'est du 18 janvier à la date du rapport?

demandé-r des réponses.

M. LE COMMISSAIRE: Exhibit numéro 508.

Met-ce que ces personnes sont affiliées ensemble?

R Oui, monsieur.

Q Met-ce que ces personnes-là sont affiées séparément?

R Séparément.

Q Ces personnes, dont vous avez lui les noms, au nombre de 18, sont-ce des employés de la Dominion Textile?

R Oui, monsieur.

Q Elles se sont rapportées comme employés de la Dominion Textile?

R Oui, monsieur. Mais, tenant, je dois ajouter que quelques-uns sont venus à mon bureau, les autres se sont présentés au bureau du contrôle de la ville.

Q Le bureau de secours vous-a rapporté les noms?

R M'a fait un rapport pour ces personnes.

Q Sur 18 demandes, 12 ont été acceptées?

R Oui, monsieur.

Q Deux refusées? R Oui, monsieur.

Q Quatre parmi les demandes acceptées.... vous dites "Acceptées mais sont retournées". Vous voulez dire qui ont pris avantage du secours?

R Qui pris avantage de travailler avec leur salaire?

R Qui pris ... Met-ce que vous les avez faites le même jour?

R Oui.

Q Cet état du secours, en date du 11 février, 1936, c'est écrit sur le document: "Demandes de secours remises à un bureau après le 17 janvier". Mais, c'est du 18 janvier à la date du rapport?

R Oui, monsieur.

Q Ce rapport-ci, c'est un rapport du bureau du secours de la cité de Sherbrooke? R Oui, monsieur.

Q Les personnes dont les noms apparaissent sur ce rapport sont des personnes qui auraient fait des demandes, soit à vous ou au bureau de secours, à compter du 17 janvier jusqu'au 11 février, 1936?

R Absolument.

Q Lesquelles personnes se sont représentées comme employées de la Dominion Textile, moulin fermé?

R Oui, monsieur.

LT BEAUREGARD: Si votre Seigneurie croit que la liste devrait être produite?

M. LE COMMISSAIRE: Je l'ai déjà écrit, ici.

EXHIBIT No. 508: CITE DE SHERBROOKE, HOTEL DE VILLE, BUREAU DES SECOURS. Re DOMINION TEXTILE CO. Le 11 février, 1936. Demandes de secours venues à ce bureau depuis le 17 janvier.

PAR ME BEAUREGARD:

Q Alors, vous avez appris, vous-même, la fermeture de la filature par les demandes de secours?

R Oui, monsieur.

Q Il existe à Sherbrooke un bureau de secours officiel pour les chômeurs forcés?

R Il existe depuis la crise.

Q Il existe encore? R Oui, monsieur.

Q Alors, ayant appelé cette assemblée.... est-ce que le maire de la ville de Sherbrooke était présent?

R Oui, monsieur.

Q Quel est le nom du maire de l'époque?

R Le Dr. Bradley.

R. Oui, monsieur.

Q. Ce rapport-ci, c'est un rapport du bureau du recorder de la cité de Sherbrooke? R. Oui, monsieur.

Q. Les personnes dont les noms apparaissent sur ce rapport sont des personnes qui auraient fait des demandes, soit à vous ou au bureau du recorder, à compter du 17 janvier jusqu'au 11 février, 1936?

R. Absolument.

Q. Lesquelles personnes ce sont nommément? Je demande à la Commission, devant, devant l'honorable

R. Oui, monsieur.

M. LE PRÉSIDENT: Si votre seigneurie croit que la liste devrait être produite?

M. LE CONSEILLER: Je l'ai déjà fait, ici.

M. LE PRÉSIDENT: Non, non, non, [illegible] 17 janvier, 1936, jusqu'au 11 février, 1936. Demandes de secours venues à ce bureau depuis le 17 janvier.

LAN LE RECORDER:

Q. Alors, vous avez parlé, tout-à-l'heure, de demandes de l'Alberta par les bureaux de [illegible]

R. Oui, monsieur.

Q. Il existe à Sherbrooke un bureau de secours civique pour les chômeurs fonctionnant?

R. Il existe depuis la crise.

Q. Il existe encore? R. Oui, monsieur.

Q. Alors, ayant appelé cette assemblée.... est-ce que le maire de la ville de Sherbrooke étant président?

R. Oui, monsieur.

Q. Quel est le nom du maire de l'époque?

R. Le maire Hadley.

Q Est-ce que tous les échevins étaient présents?

R Oui, monsieur.

Q Est-ce que d'autres personnes que le maire et les échevins étaient présentes?

R Le député de Sherbrooke aux Communes, M. Chas. B. Howard.

Q Comme question de fait, a-t-il pris part à l'assemblé? R Il a pris part à la discussion.

Q Vous dites dans votre télégramme: " Une assemblée d'urgence du conseil de la ville tenue ce jour-ci, demande que votre Gouvernement intervienne immédiatement dans une situation où il se trouve que notre plus grande filature de soie, employant 1,000 personnes.....". Savez-vous quelque chose au sujet du nombre des employés? R Je ne les ai pas comptés.

Q C'est vous qui avez écrit ce chiffre de 1,000 personnes? R A la demande du conseil.

Q Vous avez déterminé les employés au nombre de 1,000?

R Oui, monsieur.

Q Vous dites: "... a fermé soudain ses portes...." Savez-vous quelque chose quant à la façon dont le moulin a été fermé, quant à l'objet de la fermeture?

R J'en sais quelque chose d'après les rapports donnés les employés.

Q Vous n'avez pas vu les affiches apposées sur le moulin? R Pas personnellement.

Q Vous n'avez pas appris que le moulin devait fermer avant que les employés demandent des secours pour manger? R Du tout. Il y a des personnes qui sont venues demander du secours la journée même.

Q. Est-ce que tous les échevins étaient présents?

R. Oui, nombreux.

Q. Est-ce que d'autres personnes que le maire et les échevins étaient présentes?

R. Le député de Sherbrooke par exemple, M. Owen.

Q. Comme question de fait, a-t-il pris part à l'assemblée? R. Il a pris part à la discussion.

Q. Vous dites dans votre télégramme: " Une assemblée d'urgence du conseil de la ville tenue ce jour-ci, [illegible] "Canadian Industrial Preparedness Association" [illegible] dans une situation où il se trouve que notre plus grande filature de soie, employant 1,000 personnes [illegible]". [illegible] bre des employés? R. Je ne les ai pas comptés.

Q. C'est vous qui avez écrit ce chiffre de 1,000 personnes? R. A la demande du conseil.

Q. Vous avez déterminé les employés au nombre de 1,00[illegible]

R. [illegible]

Q. [illegible] savez-vous quelque chose quant à la façon dont la manufacture a été fermée, quant à l'objet de la fermeture?

R. J'en sais quelque chose d'après les rapports donnés les employés.

Q. Vous n'avez pas vu les raisons apposées sur la manufacture? R. Les personnellement.

Q. Vous n'avez pas appris que le moulin devait fermer avant que les employés demandent des secours pour manger? R. Du tout. Il y a des particuliers qui m'ont [illegible] demandé de prendre la journée [illegible].

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Q Parmi ces personnes qui ont demandé du secours, dont les noms apparaissent sur l'exhibit 508, connaissez-vous de ces personnes-là?

R Presque toutes.

Q Sont-ce d'anciens résidents de Sherbrooke?

R La plupart, oui.

Q Sont-ce des gens qui habitent Sherbrooke, disons, depuis un an, deux ans, trois ans?

R Je crois que oui, que la plupart habitaient Sherbrooke?

Q La plupart habitaient Sherbrooke? R Oui.

Q Ce n'était pas des personnes qui étaient là que depuis trois ou quatre ans? R Trois ou quatre ans?

Q Je veux dire, trois ou quatre mois? R Non.

Q Savez-vous que le moulin, la filature de Sherbrooke a employé au mois de septembre, 1935, un certain nombre de personnes venant de Verdun?

R Oui, quelques employés.

Q Avez-vous connaissance qu'un certain nombre d'employés de Verdun soient venus habiter Sherbrooke dans l'année 1935? R Oui, monsieur, nos enquêteurs nous ont rapporté qu'il y en avait 32 d'arrivées?

Q 32 familles? R Oui, monsieur.

Q Doit-on reconnaître quelques-unes des 32 familles parmi les personnes qui ont sollicité du secours?

R Pas dans ces demandes de secours.

Q Parmi les 18 personnes apparaissant à l'exhibit 508, il n'y a pas de familles de Verdun?

R Non, monsieur, d'ailleurs, nos règlements de secours nous défendaient de leur en donner.

Q. Parmi ces personnes qui ont demandé du secours, dont les noms apparaissent sur l'exhibit 308, combien-en-avez-vous de vos renseignements?

R. Presque tous.

Q. Sont-ce d'anciens résidents de Sherbrooke?

R. Je pense, oui.

Q. Sont-ce des gens qui habitent Sherbrooke, disons, depuis deux ans, trois ans, trois ans?

R. Je crois que oui, que la plupart habitaient Sherbrooke.

Q. Et plusieurs antérieurement, je veux dire.

Q. Où n'était pas ces personnes qui étaient là que depuis trois ou quatre ans?

R. Je veux dire, trois ou quatre mois? R. Non.

Q. Savez-vous que le maire, le Président de Sherbrooke a employé au mois de septembre, 1936, un certain nombre de personnes venant de Verdun?

R. Non, certainement pas.

Q. Avez-vous connaissance qu'un certain nombre d'employés de Verdun soient venus habiter Sherbrooke dans l'année 1936?

R. Non, certainement pas.

Enquêteurs nous ont rapporté qu'il y en avait 32 d'arrivés?

R. 32 familles? R. Oui, nombreux.

Q. Doit-on reconnaître qu'ils-mêmes des 32 familles parmi les personnes qui ont collaboré au secours?

R. Ses gens ont demandés de secours.

Q. Quand les 32 personnes apparaissent à l'exhibit 308, il n'y a pas de [illegible] de Verdun?

R. Non, monsieur, d'ailleurs, nous [illegible] par [illegible] affirmation de tous ou d'autres.

Q Est-ce que vos règlements exigent un certain nombre de mois de résidence? A Au moins six mois.

Q Les six mois de résidence n'étaient pas expirés à la date du 17 janvier? R Non, monsieur.

Q Le télégramme continue: "Notre ville est incapable de faire face à la situation alarmante, et requière que votre Gouvernement prenne des mesures immédiates pour remédier à cet état de choses".

Comment organisez-vous le secours à Sherbrooke? R Pour le secours, les deux tiers sont pa yés par le gouvernement fédéral et le gouvernement provincial, et un tiers par le cité de Sherbrooke.

Q A combien s'élève la quote-part paryée par le ville de Sherbrooke, le tiers? R L'an dernier, le six septembre, disons, le coût total de la distritution des secours était d'environ $13,000.00 par mois.

Q Par mois? R Par mois.

Q Pendant combien de mois; sans arrêt?

R Sans arrêt.

Q Toute l'année? R Toute l'année.

Q Cette année, en 1936? R A-peu-près la meme chose: $11,000.00, $12,000.00, $12,500.00

Q $11,000.00 ou $12,000.00, pour cette année?

R Oui, monsieur.

Q Maintenant, comme greffier, pouvez-vous nous dire sous quel régime de taxes se trouve la Dominion Textile pour l'impot foncier, le paiement de la taxe foncière? R Actuellement elle bénéficie d'une commutation de taxes qui date du premier janvier, 1934.

Q Les six mois de résidence n'étaient pas expirés à la date du 17 janvier? R Non, nonsieur.

Q Le télégramme continue: "Votre ville est incapable de faire face à la situation financière, et requière que votre gouvernement prenne des mesures immédiates pour remédier à cet état de choses".

Comment organisez-vous le secours à Sherbrooke?

R Pour le secours, les deux tiers sont pa yés par le gouvernement fédéral et le gouvernement provincial, et un tiers par le cité de Sherbrooke.

Q A combien s'élève la quote-part payée par la ville de Sherbrooke, le tiers? R L'an dernier, le six septembre, disons, le cout total de la distribution des secours était d'environ $13,000.00 par mois.

Q Par mois? R Par mois.

Q Maintenant combien de mois; dans Février?

R Sans arrêt.

Q Sans l'arrêt? R Sans l'arrêt.

Q Cette année, en 1938? R A-peu-près la même chose $11,000.00, $12,000.00, $12,000.00

Q $12,000.00 ou $13,000.00, mais après janvier?

R Oui, environ.

Q Maintenant, comme greffier, pouvez-vous nous dire sous quel régime de taxes se trouve la municipalité pour l'impot foncier, le paiement de la taxe foncière? R Actuellement elle bénéficie d'une commutation de taxes qui date du premier janvier, 1934.

Q C'est un règlement de la ville de Sherbrooke?

R Un règlement de commutation de taxes.

Q Un règlement voté par les propriétaires?

R Par la ville.

Q Est-il confirmé par une loi de la Législature

R Non, confirmé par la Commission Municipale et le lieutenant-gouverneur en conseil.

Q Pas par un statut? R Non.

Q C'est une loi en date du 5 février, 1934?

R Oui, monsieur.

Q La compagnie avait déjà un règlement, en date du 24 novembre, 1919, no. 397, Canadian Connecticut Cottons Mills Ltd? R Oui, monsieur.

Q Pour dix ans? R Oui, monsieur.

Q Etait-ce une exemption totale, celle-là, du 24 novembre, 1919, à 10 ans, une exemption totale ou partielle? R Une exemption complète.

Q Devons-nous comprendre que la Dominion Textile s'est trouvée à jouir de l'exemption de taxes que la ville avait consentie à la Canadian Connecticut Cotton Mills Ltd? R C'est à ce moment-là que nous avons fait le nouveau règlement.

Q Je vois que votre règlement a l'air d'être devenu en force en 1934, c'est-à-dire six qu'il y a eu une espace de cinq années. Vous avez vécu cinq ans dans le provisoire? R Ils ont payés toutes les taxes pendant ce temps-là.

Q Plein montant? R Je ne peux pas me rappeler exactement le montant, je suis sous l'impression.....

Q Voudrez-vous nous faire un état des taxes payées

Q. C'est un règlement de la ville de Westbrooke?

R. Un règlement de commutation de taxes.

Q. Ou, également vous les [illegible]?

R. Oui, de taxes.

Q. Qu'il semble, [illegible] sur le [illegible]?

R. Non, confirmé par la commission municipale et lieutenant-gouverneur en conseil.

Q. [illegible]

R. Non.

Q. C'est une loi en date du 5 février, 1928?

R. Oui, monsieur.

Q. La compagnie avait déjà un règlement, en date du 24 novembre, 1926, [illegible]

R. Oui, monsieur.

Q. Pour six ans?

R. Oui, monsieur.

Q. [illegible] Sherbrooke, [illegible] Savary, 1919, c. 10, [illegible] municipalité [illegible] taxes.

Q. Pourquoi [illegible] la municipalité [illegible] s'est trouvée à jouir de l'exemption de taxes que la ville avait accordée à la compagnie [illegible] Ville Mont-Royal?

R. Je n'peux [illegible] là que nous avons fait le [illegible].

Q. Je vois que votre règlement a l'air d'avoir été en force en 1924, c'est-à-dire six qu'il y a eu une espace de cinq années. Vous avez vu cinq ans dans le travailleur?

R. Ils ont payés toutes les taxes rendant ce temps-là.

Q. Plein nonsens?

R. Je ne peux pas me rappeler exactement la [illegible], je sais sous l'impression.....

Q. Voudrez-vous faire un état des taxes payées

par la Canadian Connecticut Cotton Mills et la Dominion Textile, depuis le 24 novembre, 1919. Le montant de l'évaluation portée au role, c'est-à-dire l'année, l'évaluation portée au role, le montant payable et le montant payé, depuis le 24 novembre, 1919?

R Oui, monsieur, par la Sherbrooke Cotton Company, depuis ce temps-là.

Q En vertu du règlement du cinq février, 1934, numéro 538 de la cité de Sherbrooke..... je vois, ici, dans le mémoire que vous me donnez: "... le nouveau règlement annulant tous les précédents et accordant une commutation de taxes pour dix ans du premier janvier, 1934"? R Oui, monsieur.

Q La commutation est de combien?

R 75%.

Q C'est-à-dire que la compagnie est appelée à payer 25% de ce qu'elle paierait, du total?

R Oui, monsieur.

Q Elle bénéficie de 75% de commutation?

R Oui, monsieur.

Q A la condition d'engager au moins 300 employés, et de payer au moins $150,000.00 de salaires par année?

R Oui, monsieur.

Me BEAUREGARD: Devrons-nous, votre Seigneurie, donner un numéro à cet- état-là?

M. LE COMMISSAIRE: Oui, si vous en avez besoin.

EXHIBIT NO. 509: Exemptions de taxes de la ville de Sherbrooke à la Canadian Connecticut Cotton Mills et à la Sherbrooke Cotton Company; ainsi que les montants de taxes payées et le role d'évaluation de la cité de Sherbrooke.

par la Canadian Connections Cotton Mills et la Canadian Power, depuis la fusion, 1911. Le montant de l'évaluation portée au rôle, c'est-à-dire l'année, l'évaluation portée au rôle, le montant payable et le montant payé, depuis le 24 novembre, 1913?

R Oui, monsieur, par la Sherbrooke Cotton Company, depuis ce temps-là.

Q En vertu du règlement du conseil février, 1904, numéro 372 de la cité de Sherbrooke..... je vois, ici, dans le mémoire que vous me donnez: "... le nouveau règlement annulant tous les prédécesseurs et accordant une dimination de taxe pour dix ans du premier janvier, 1904"?

R Oui, monsieur.

Q La commutation est de combien?

R 75%.

Q C'est-à-dire que la compagnie est appelée à payer 25% de ce qu'elle paierait, du total?

R Oui, monsieur.

Q Elle bénéficie de 75% de commutation?

R Oui, monsieur.

Q A la condition d'employer au moins 300 employés, et de payer au moins $150,000.00 de salaires par année?

R Oui, monsieur.

Me BELANGER, C.R.: Pourrons-nous, votre Seigneurie, donner un numéro à cet-- (Pièce-3)

R. LE COMMISSAIRE: Oui, si vous en avez besoin.

MARCHE R.: 5097: Exemptions de taxes de la ville de Sherbrooke à la Canadian Connections Cotton Mills et à la Sherbrooke Cotton Company; ainsi que les montants du taxe payée et le rôle d'évaluation de la cité de Sherbrooke.

PAR ME BEAUREGARD:

Q Voulez-vous produire comme exhibit no. 508, le mémoire que vous me soumettez auquel nous ajouterons l'état que vous devez me fournir? R Oui, monsieur

Q Connaissiez-vous autre chose que ce que vous venez de dire quant à l'envoi du télégramme par la ville de Sherbrooke à l'honorable Premier Ministre et à l'honorable ministre des Finances?

R Du tout.

Q Absolument rien.... personnellement, vous ne connaissiez rien autre que ce que vous savez quant à ce qui a été révélé par le débat au conseil?

R Oui, monsieur.

Q Et les instructions que vous avez reçues?

R Oui, monsieur.

Q Et, le télégramme, vous l'avez envoyé sur l'instruction du conseil? R Oui, monsieur.

CONTRE-INTERROGE PAR ME AIME GEOFFRION:

Q Aucune des exemptions de taxes du règlement ne s'appliquent aux cottages; elles ne s'appliquent qu'à la manufacture? R Elles ne s'appliquent pas aux machineries.

Q Ni aux cottages? R Ne s'appliquent pas aux maisons, aux habitations.

PAR ME BEAUREGARD:

Q Il n'y a pas d'impot sur les machines; les machinerie n'est pas taxée? R La machinerie est payée par le taxe scolaire.

PAR ME GEOFFRION

Q Les résidences sont taxées? R Sont taxées.

Q Pour en venir à l'exhibit 508, c'est la liste de toux ceux qui ont touché des argents, se disant em-

MAX AU CHAUFFEUR:

Q. Maintenant permettez-moi ceci -- je, je requiers une voix de commission engagé sans ajoutérons n'était que vous avez fait le travail. R. Oui, monsieur.

Q. Connaissez-vous autre chose que ce que vous vous êtes dite quand à l'envoi du télégramme par la ville de Montréal à l'automobile Chevrolet appartenant à l'honorable Premier Ministre?

R. Du tout.

Q. Absolument rien.... particulièrement, vous ne connaissez rien autre que ce que vous savez quant à ce qui a été révélé par le débat en conseil?

R. Oui, monsieur.

Q. Et les instructions que vous avez reçues?

R. Oui, monsieur.

Q. Et, et [illegible], vous vous avez reçu une instruction du conseil? R. Oui, monsieur.

CONTRE-INTERROGOIRE PAR MR BRYCE CONTRE:

Q. Lorsque des exemplaires de taxes du téléphone ne [illegible] par nécessairement, alors on n'emplois pas d'un [illegible] -- d'un [illegible] vous pas sur [illegible].

Q. Il est vraisemblable [illegible] par les [illegible], [illegible].

AU MR MACDONALD:

Q. Il n'y a pas d'input sur les marques; les manivelles n'est pas tordée? R. La machinerie est payée par le taxe scolaire.

PAR MR MCPETRIN:

Q. Des [illegible] sont [illegible]? R. Sans [illegible].

Pour en venir à l'exhibit 308, c'est la liste de [illegible] qui ont reçus les [illegible], et [illegible] -

ployés par la Dominion Textile, qui vous ont demandé des secours à partir du 17 janvier au 11 février?

R Oui, monsieur, ceux qui m'ont déclaré travailler à la Dominion Textile; j'ai pas vérifié s'ils travaillaient.

Q Tous ceux qui ont déclaré travailler à la Dominion Textile, qui ont demandé du secours du 17 janvier au 11 février? R Oui, monsieur.

Q La paye a été faite le 18 janvier, le samedi?

R Oui, monsieur.

Q Pouvez-vous nous dire s'il est venu des gens demander du secours le 17 janvier? R Non, monsieur, aucun.

Q Le 18? R Une couple de jours après.

Q Par conséquent, le télégramme n'a rien à faire avec ces demandes de secours-là? R Je ne crois pas.

Q Maintenant, il en est venu après le 23 ~~janvier~~ février, n'est-ce-pas? R le 23 février?

R Le 23 février janvier, pardon. Il en est venu après le 23 janvier? R Je me même dans les dates.

Q Après le 29 janvier? R Cette liste contient les noms de tous ceux qui sont venus à partir du 17 janvier au 11 février inclusivement.

Q C'est tout... savez-vous quel était le premier jour et le dernier jour? R Non, monsieur, je peux pas préciser.

Q Ni donner les dates et jusqu'où? R Non, monsieur

(Page 7440 follows)

Angèle qui en Pakistan textile, qui vous ont demandé
des nouvelles à partir du 17 janvier ou 11 février
? Non, monsieur, mais qu'ils étaient heureux
à la Pakistan textile; j'ai pas vérifié s'ils trouvaient
bien.

- Vous avez pu les trouver heureux à la Pakistan
textile, qui ont demandé du nouvelles du 17 janvier au
11 février? A oui, monsieur.

- Le prix a été mis le 18 janvier, le savez-
vous? A oui, monsieur.

- Pouvez-vous nous dire s'il est venu des gens
demander du nouvelle le 17 janvier? A Non, mon-
sieur, monsieur.

- Le 18? A Une couple de jours après.

- Les cinq jours, le bénéfiques n'a rien à voire
avec ces demandes de nouvelles-là? R Je ne crois
pas.

- Maintenant, il en a vu après le 25 janvier
février, n'est-ce-pas? R Le 23 février?

R Le 23 février, 23 janvier, pardon. Il en est venu
après le 23 janvier? R Je ne m'en suis pas
souvenu.

- Après le 23 janvier? R Cette ligne contient
les noms de tous ceux qui sont venus à partir du 17
janvier ou 11 février inclusivement.

- C'est tout... savez-vous quel était le premier
jour et le dernier jour? - Non, monsieur, je
peux vous produire.

- Il donnait les noms et prénoms? R Non, monsieur.

(Cross-Examined)

MR. McRUER: I just wanted to put in a letter. It is subject to proof of Mr. Watson's signature. Mr. Berry was going to prove it but he had to go away. It is from Mr. Watson.

THE COMMISSIONER: Mr. Kellock is gone too.

MR. McRUER: Oh, yes.

THE COMMISSIONER: I will take it provisionally.

MR. McRUER: Mr. Gordon, probably you could do this. Do you recognize Mr. Watson's signature?

MR. GORDON: I do not think I have ever had anything signed by Mr. Watson.

MR. McRUER: Alright.

THE COMMISSIONER: Perhaps you better wait till Monday.

MR. McRUER: That will be alright.

THE COMMISSIONER: Well now, we will adjourn until next Monday at 10 o'clock.

MR. McRUER: Yes, my lord.

-- The Commission adjourned at 4.50 p.m., Wednesday, June 17, 1936 to resume at 10 a.m., Monday, June 22, 1936.

MR. MORRIS: I just wanted to put in a letter. It is subject to proof of Mr. Watson's signature. Mr. Berry was going to prove it but he had to go away. It is from Mr. Watson.

THE COMMISSIONER: Mr. Kellock is gone too.

MR. [illegible]: Yes.

THE COMMISSIONER: I will take it provisionally.

MR. [illegible]: Mr. Larson, probably you could do that for you [illegible] Mr. Watson's signature.

MR. LARSON: I do not think I have ever had anything signed by Mr. Watson.

MR. [illegible]:

THE COMMISSIONER: Perhaps you better wait till [illegible].

MR. [illegible]: [illegible].

THE COMMISSIONER: Well now, we will adjourn until next Monday at 10 o'clock.

MR. [illegible]: Yes, my Lord.

-- The Commission adjourned at 4.30 p.m., Wednesday, June 17, 1936 to resume at 10 a.m., Monday, June 22, 1936.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A. S. Whiteley, Secretary,

F I F T Y - T H I R D D A Y

(June 22nd, 1936)

Robert Brydie,
Official Reporter.

Robert Bryden,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON, Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee of Primary Textile Industries.
C.G.Heward, K.C. and Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Co. and Montreal Cottons Company Limited.
S.G.Dixon, K.C.	For Courtaulds Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk

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Montreal, P.Q.,
Monday, June 22, 1936.

-- The Commission resumed at 10 a.m.

FREDERICK HAMILTON BRADLEY, sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Bradley, your name is -- A. Frederick.

Q. Frederick Bradley; you were mayor of Sherbrooke, were you, last term? A. Yes, sir.

Q. When did you cease to be mayor of Sherbrooke? A. The 27th of March.

Q. 1936? A. Yes.

Q. And were you in Sherbrooke in January last at the time that the mill closed down there? A. Yes, sir.

Q. When did you first hear of a suggestion to close the mill down? A. I imagine a day or so before it closed.

Q. Just immediately before it closed, at any rate; do you recollect how it was brought to your attention that the mill was going to close? A. I was surprised to hear, I remember there was a snowshoeing party on or something of that kind and one of the boys told me,--

BY THE COMMISSIONER: Q. Please speak a little louder. A. "Did you hear that the silk department of the textile people was closing on the following day". I was surprised. It was the first time I had heard it.

-- The Commission resumed at 10 a.m.

Q. Mr. Bradley, your name is -- A. Frederick.

Q. Frederick Bradley; you were mayor of Shertrooke, were you, last term? A. Yes, sir.

Q. When did you cease to be mayor of Shertrooke?

A. The 27th of March.

Q. 1926? A. Yes.

Q. And were you in Shertrooke in January last at the time that the mill closed down there?

A. Yes, sir.

Q. When did you first hear of a suggestion to close the mill down? A. I imagine a day or two before it closed.

Q. Just immediately before it closed, at any rate do you recollect how it was brought to your attention that the mill was going to close? A. I was surprised to hear, I remember there was a snowballing party on or connected of that kind and one of the boys told me,--

BY THE COMMISSIONER: Q. Please speak a little louder. A. "Did you hear that the silk department of the textile people was closing on the following day". I was surprised. It was the first time I had heard it.

BY MR. McRUER: Q. One of the boys? A. One of the boys who worked there.

Q. You do not recollect who it was? A. No.

Q. Just someone that worked there? A. An employee, yes.

Q. Then, when you heard that did you make any inquiries? A. I called up the office of the mill the following morning.

Q. Yes, and what advice did you get from the office of the mill? A. That they were ordered to close temporarily. They could not give me any definite idea of how long it would be, but it would be temporarily closed.

Q. Did they say on what ground? A. No, no reason was given, just temporarily closed.

Q. Then, did you take any action in regard to that? A. I asked if they would be good enough to find out from Montreal about what length of time they would be closed and for what reasons.

Q. To whom did you speak? A. The office, I think Mr. Barry was the man.

Q. Mr. Barry? A. Yes, he is the man in charge of the office there.

Q. Then, did you get some information from Mr. Barry later? A. Yes.

Q. What was the information? A. He said that they would be very glad to open up as soon as they would have a reasonable expectation of selling the goods that were at present on their shelves. They

BY MR. MORRIS: Q. One of the boys? A. One of the boys who worked there.

Q. You do not recollect who it was? A. No.

Q. Just someone that worked there? A. An employee, yes.

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Q. Yes, and what advice did you get from the office of the mill? A. That they were ordered to close temporarily. They could not give me any definite idea of how long it would be, but it would be temporarily closed.

Q. Did they say on what grounds? A. No, no reason was given, just temporarily closed.

Q. Then, did you take any action in regard to that? A. I asked if they would be good enough to find out from Montreal about what length of time they would be closed and for what reasons.

Q. To whom did you speak? A. The office. I think Mr. Berry was the man.

Q. Mr. Berry? A. Yes, he is the man in charge of the office there.

Q. Then, did you get some information from Mr. Berry later? A. Yes.

Q. What was the information? A. He said that they would be very glad to open up as soon as they would have a reasonable expectation of selling the goods that were at present on their shelves. They

would be glad to go ahead and operate and put further goods on the shelves provided there was any reasonable idea of selling them.

Q. Yes; how long would it be after -- you say it would be the morning it closed you spoke to Mr. Barry first? The snowshoeing party you thought was the night before? A. That was when I learned they were to close.

Q. Then, you spoke to Mr. Barry; how long would it be after you spoke to Mr. Barry that you had your second conversation with him in which he told you what you have just related? A. My information came directly -- I called Barry myself and told my secretary at the city to find out any particulars that he could about when the mill would be liable to open.

Q. And that is the information you got? A. Yes.

Q. Then, did you call a special emergency meeting of the city council? A. No.

Q. Was there a special emergency meeting called? A. I tried to find out about a special emergency meeting, but the secretary says there was a meeting called and I cannot find out who called it. I did not call it, and I was not there. Evidently the council had got together and they had a meeting.

Q. There was a meeting? A. Yes.

Q. That you were not at? A. No, I was not at it.

Q. And so you do not know what took place at that

would be glad to go ahead and operate and put further goods on the shelves provided there was any reasonable idea of selling them.

Q. Yes; how long would it be after -- you say it would be the morning followed you spoke to Mr. Barry first? The somewhere party you thought was the night before? A. That was when I learned they were to close.

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Q. And that is the information you got?

A. Yes.

Q. Then, did you call a special emergency meeting of the city council? A. No.

Q. Was there a special emergency meeting called?

A. I tried to find out about a special emergency meeting, but the secretary says there was a meeting called and I cannot find out who called it. I did not call it, and I was not there. Evidently the council got together and they had a meeting.

Q. There was a meeting? A. Yes.

Q. That you were not at? A. No, I was not at it.

Q. And so you do not know what took place at that

meeting? A. No, I was not there, only from what I have heard, I was not at the meeting.

Q. Now, there was a telegram sent by Mr. Deslaurier to the Minister of Finance and to the Prime Minister which reads as follows:

"Special emergency meeting City Council held today strongly ask that your Government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment Stop. Our City unable to cope with alarming situation and request your Government take immediate steps to remedy this condition Stop. City cannot take care of such increased unemployment."

Did you know about that telegram before it was sent? A. No, sir, I did not.

Q. You did not know? A. No, I did not know anything about it.

Q. You had no part in sending it? A. No part. Can you hear me, sir?

THE COMMISSIONER: Yes.

BY MR. McRUER: Q. Then, were you visited by a gentleman by the name of Quirk from the Labour Department at Ottawa? A. No, sir.

Q. He didn't see you? A. No, sir.

Q. You had no conversation with him at all? A. No, sir.

Q. You must have seen this telegram after it had been sent? A. No, I never saw the telegram.

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Q. Now, there was a telegram sent by Mr. Declaurier to the Minister of Finance and to the Prime Minister which read as follows:

"Special emergency meeting City Council held "Monday evening last passed following resolution immediately over the situation that has developed when only our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment. Our City unable to cope with alarming situation and request your Government take immediate steps to remedy this condition. City cannot take care of such increased unemployment."

Did you know about that telegram before it was sent?

A. No, sir, I did not.

Q. You did not know? A. No, I did not know anything about it.

Q. You had no part in sending it? A. No part. Can you hear me, sir?

Mr. Guthrie: Yes.

BY MR. MORAN: Q. Then, were you without my gentleman by the name of Guthrie from the Labour Department at Ottawa? A. No, sir.

Q. He didn't see you? A. No, sir.

Q. You had no conversation with him at all?

A. No, sir.

Q. You must have seen this telegram after it had been sent? A. No, I didn't see the telegram

Q. You had never seen that? A. No.

Q. Did you not read it in the papers or anything of that sort? A. I do not remember the telegram. I remember reading the report of the action taken; I think perhaps if you would read the papers following that, the city papers following that telegram, you would know. I don't remember exactly what it said. I understood it was our local member who was interested. Naturally he would be in things of that kind. I thought possibly he would be interested in it.

Q. In getting the mill re-opened? A. Yes.

Q. Were you not interested in getting it re-opened? A. Yes, sir.

Q. I was just wondering how the local member could be taking any action on behalf of the city council unless you were assisting him; you were the mayor? A. Yes, sir.

Q. If you were interested in getting it re-opened I was wondering how this could happen without you knowing about it? A. Well, if there was a meeting of that kind and the telegram was drafted and forwarded it would be no doubt -- we are all interested in it, but that may have been the form in which the interest was shown.

Q. Did you do nothing yourself in connection with the matter after you had called up to find out when they were going to re-open and got the message that they would be glad to re-open when there was some reasonable evidence of an opportunity of selling the goods on the shelves? Did you do nothing at all

Q. You had never seen that? A. No.

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Q. If you were interested in getting it re-opened [illegible] 1919 [illegible] this [illegible] what you knew about it? A. Well, if there was a meeting of that kind and the telegram was drafted and forwarded it would be no doubt -- we are all interested in it, but that may have been the form in which the [illegible].

Q. Did you do nothing yourself in connection with the matter after you had called up to find out when they were going to re-open and got the message that they would be glad to re-open when there was some reasonable evidence of an opportunity of selling the goods on the shelves? Did you do nothing at all

then? A. No, sir.

Q. You took no action whatever? A. I did not take any action further than that only to follow the proceedings that had been taken.

Q. You understood there was quite an acute situation developed because of several families that had come to Sherbrooke from Verdun to work in the plant and who were not eligible for relief in Sherbrooke on account of not being residents of the town long enough, and that they were liable to be in a very bad way? Did you not learn of an acute situation in that regard? A. I don't believe we felt any very acute situation, sir.

Q. Did you not learn that it was acute, that these people were not going to be able to get relief in Sherbrooke who had recently come from Verdun; did you not learn about that? A. Yes, we were naturally expecting from day to day favourable information that the mill would be re-opened.

Q. I am asking you whether you did not learn, in reference to the people who were going to be destitute, did you learn of that fact that there were people in that position that had recently come from Verdun and who would not have means of sustenance at all? A. No, I didn't.

Q. You did not learn about that at all?

A. No acute suffering, no.

Q. Now, please, did you not learn of the fact that there were people that had recently come from

Lord A. No, sir.

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Q. You did not learn about that at all?

A. No acute suffering, no.

Q. Now, please, did you not learn of the fact that there [illegible] had recently come from

Verdun, quite a number of families, and who were not eligible for relief in Sherbrooke? A. I heard of them being out of employment, yes.

Q. Did you hear of them being out of employment and the fact that such families were in Sherbrooke who were not going to be eligible for relief there; did you hear of that? A. No.

Q. You did not know about that at all? A. Sure, I knew about it; it is only reasonable to expect --

Q. Well, if it was reasonable to expect how was it that you as mayor were doing nothing about it? A. I had been doing all I could about it.

Q. Somebody evidently outside of you held a special meeting of the city council and sent a wire to the Prime Minister and Minister of Finance; they were evidently doing a lot more than you were. I am trying to find out what you knew and what you were doing. I am not criticizing you, but I want to find out about what you were doing and how it was these people seemed to get in ahead of you in the way of action. As I understand it the course you took was that you heard that mill was going to close and then you called up Mr. Barry and he told you it was temporary and you wanted to find outwhat the circumstances were. Then he told you it would re-open when there was a reasonable opportunity of selling their goods. Did you follow the matter up any further with the authorities in the mill? A. Only

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to keep in touch to see when they would be liable to open, and they opened shortly afterwards.

Q. To whom did you talk when you kept in touch with them? A. My secretary in the office.

Q. You talked to your secretary in the office? A. Yes.

Q. Who is that? A. Mr. Deslaurier.

Q. So that as far as you are concerned any information you got came from Mr. Deslaurier? A. Through the proper channel, yes.

Q. I do not care whether it is the proper channel or not. Did you talk to Mr. Barry at all after the first conversation you had with him or was it Mr. Deslaurier that communicated with Mr. Barry? A. Probably if I met Mr. Barry I would speak to him about it. It seemed a very short time after that before the mill was open.

Q. That may be. I want to get all the information you got from the mill. In the first place you spoke to Mr. Barry and then did you -- I understood you to say you called Mr. Barry again and had a conversation with him, or was it Mr. Deslaurier that called him? A. I imagine that information would come through my city office.

Q. Then, I am mistaken in understanding you that you had a conversation with Mr. Barry at which Mr. Barry told you they would open the mill when there was a reasonable opportunity of selling the goods, that that may have information you got through Mr. Deslaurier? A. It might have been through

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Q. To whom did you talk when you kept in touch with them? A. My secretary in the office.

Q. You talked to your secretary in the office?

A. Yes.

Q. Did in fact? A. Mr. Pawlowicz.

Q. So that as far as you are concerned any information you got came from Mr. Deslauriers?

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Q. I do not care whether it is the proper channel or not. Did you talk to Mr. Berry at all after the first conversation you had with him or was it Mr. Deslauriers that communicated with Mr. Berry?

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Mr. Deslaurier, it might have been. I know I saw Mr. Barry quite often, passed him on the way going to work and always was interested enough to find out any information I could from him, but he was not in a position to give any definite information.

Q. Did Mr. Barry tell you anything in connection with the closing of the mill as to why it was closed? A. No.

Q. Never told you why it was closed? A. No.

Q. You had no information about that at all? A. It was closed temporarily from orders from Montreal.

Q. From Montreal. A. I understood they were closed temporarily.

Q. He did not explain to you whether they had too much goods on hand or what the reason was for closing? A. No.

Q. Did you inquire why they closed? A. Well, he could not give me any further information than that.

Q. Did you inquire? A. I imagine I did, I cannot remember. I naturally would if I could get anything.

Q. Of course, we might reason that out. I am just getting your recollection? A. Well, I cannot recollect what I said to him about it.

Q. Did you know that Mr. Quirk, the representative of the Department of Labour, was in Sherbrooke? A. Yes, I think that was in the paper but I did not see him at all.

Q. You did not see him, did not make any effort to see him? A. No.

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Q. Of course, we might reason that out. I am just getting your recollection? A. Well, I cannot recollect what I said to him about it.

Q. Did you know that Mr. Quirk, the representative of the Department of Labour, was in Sherbrooke?

A. Yes, I think that was in the paper but I did not see him at all.

Q. You did not see him, did not make any effort to see him? A. No.

Q. Well, if it was in the papers that he was there you would realize why he was there? A. Naturally.

Q. That is, to investigate the situation that existed in regard to the closing of the mill among the employees? A. Yes, sir.

Q. You do not doubt at all Mr. Deslaurier's word in this telegram that there was a special emergency meeting of the city council? A. No, I know there was because I recall I called up the leader of the council, the finance man, and asked him if he had called it and he said he did not call it but he remembered being at the meeting. He could not tell me who called it and Deslaurier could not tell me who called it.

Q. Have you any explanation to offer as to why you were not at this special emergency meeting? A. No, I cannot give you any definite reason for not that, no particular reason. I did not happen to be there. It might have been called not long ahead of time and I might not have been available at the time they met.

THE COMMISSIONER: Was he, as mayor, advised of this meeting?

BY MR. McRUER: Q. Were you told about it? A. I do not remember being advised about the meeting.

Q. Well you surely as mayor would have been rather surprised and probably a bit resentful of holding a special emergency meeting of the city council without letting you know as soon as you learned that such a one had been held. Have you no recollection as to

Bradley

Q. Well, if it was in the power that he was there you would realize why he was there? A. Not [illegible]

Q. Well, to investigate the situation that existed in regard to the closing of the mill among the employees? A. Yes, sir.

Q. You do not doubt at all sir, [illegible] in this telegram that there was a special emergency meeting of the city council? A. No, I know there was because I recall I called up the lawyer of the council, the finance man, and asked him if he had called it and he said he did not call it but he remembered being at the meeting. He could not tell me who called it and Bellaurier could not tell me who called it.

Q. Have you any explanation to offer as to why you were not at this special emergency meeting?

Q. No, I cannot give you any definite reason for not being [illegible] I did not happen to be there. It might have been called not long about of time and I might not have been available at the time [illegible].

THE COMMISSIONER: Was he, as mayor, advised of this meeting?

BY MR. McKEON: Q. Were you told about it?

A. I do not remember being advised about the meeting.

Q. Will you merely as mayor would you have expected surprised are probably a bit resentful of holding a special emergency meeting of the city council without letting you know as soon as you learned that such a one had been held. Have you no recollect on of it

whether you were notified of it at all? A. I don't remember ever being notified of that special meeting, but there are special meetings going on all the time.

Q. Special meetings going on which the mayor does not know anything about? A. Well, he might know about them. They can call a few of the council together to do something and probably I might not be able to be there.

Q. Are there not minutes of this meeting? A. No, sir.

Q. Regularly taken? A. I do not think there is any minutes of that meeting.

MR. GEOFFRION: It was called a committee meeting.

THE WITNESS: A committee of the whole, was it? I cannot find any records of the meeting.

BY MR. McRUER: Q. Then, what you saw was in the newspapers almost immediately afterwards, after the meeting, the notice that there was a meeting and what had taken place? A. Yes.

Q. And that they were going to take the matter up with the Dominion Government about the situation? A. Yes, I remember that was in the paper.

Q. Did you disapprove of the action that had been taken? A. No, sir.

Q. It met with your approval? A. Absolutely.

Q. So far as the action of the city council was concerned you are not voicing any disapproval of their holding the meeting and taking the action? A. No, sir.

Q. Have you been notified of it at all? A. I don't remember ever being notified of that special meeting, but there are special meetings going on all the time.

Q. Special meetings going on which the mayor does not know anything about? A. Well, he might know about them. They can call a few of the council together to do something and probably I might not be able to be there.

Q. Are there not minutes of this meeting? A. No, sir.

Q. Absolutely none? A. I do not find them in any minutes of that meeting.

MR. MORTON: It was called a committee meeting.

MR. [illegible]: A committee of the whole, was it? I cannot find any records of the meeting.

BY MR. MORTON: Q. Then, what you saw was in the [illegible] minutes, after the meeting, the notice that there was a meeting and what had taken place? A. Yes.

Q. And that they were going to take the matter up with the Dominion Government about the situation? A. Yes. I remember that was in the report.

Q. Did you disapprove of the action that had been taken? A. No, sir.

Q. It met with your approval? A. Absolutely.

Q. So far as the action of the city council was concerned you are not raising any disapproval of anything the council did going [illegible]?

A. No, sir.

Q. That is all, thank you.

THE COMMISSIONER: Is this next witness also dealing with the Sherbrooke incident?

MR. McRUER: No, my lord.

THE COMMISSIONER: Is that finished now?

MR. McRUER: In reference to that, that is all. Mr. Howard is not here this morning. I think this is the last day of the sittings of parliament.

THE COMMISSIONER: Has Mr. Howard been notified?

MR. McRUER: He was notified.

MR. BEAUREGARD: I might say, my lord, I sent Mr. Howard the very last day we met here a wire asking him to be so good as to consider that wire his order to be present this morning. I think, of course, everybody was taking for granted that Parliament's sessions would be closed on Saturday night.

THE COMMISSIONER: Did he answer the wire?

MR. BEAUREGARD: I have no reply from him.

THE COMMISSIONER: Well, what is the witness' name?

--

LAWRENCE W. FRICKE, sworn,

EXAMINED BY MR. GEOFFRION:

Q. Mr. Fricke, what is your position? A. Vice-president, Canadian Appraisal Company.

BY THE COMMISSIONER: Q. Just repeat that, what position? A. Vice-president of the Canadian Appraisal Company, Limited.

BY MR. GEOFFRION: Q. Vice-president, Canadian Appraisal Company; since how long do you occupy that position? A. About 15 years.

Q. That is all, thank you.

THE COMMISSIONER: Is this next witness also familiar with the Sunshine Incident?

MR. MORRAN: No, my Lord.

THE COMMISSIONER: Is that finished now?

MR. MOHAN: In reference to that, that is all. Mr. Howard is not here this morning. I think this is the last day of the sittings of parliament.

MR. MORRAN: He was notified.

MR. BRUNDGRAND: I might say, my Lord, I sent Mr. Howard the very last day we got here a wire asking him to be so good as to consider that wire his order to be present this morning. I think, of course everybody was to day for granted that parliament's business would be closed on Saturday night.

THE COMMISSIONER: Did he answer the wire?

MR. BRUNDGRAND: I have no reply from him.

THE COMMISSIONER: Well, what is the wire? [illegible]

[illegible]

EXAMINED BY MR. CROTHERS, K.C.:

Q. Mr. Pratt, what is your position? A. Vice-president. [illegible]

BY THE COMMISSIONER: Q. Just repeat that, what position? Q. Vice-president of the [illegible] Company, Limited.

BY MR. CROTHERS, K.C.: Q. Vice-president, Canadian [illegible]; since how long do you [illegible] position? A. About 15 years.

Q. Were you in the company previously? A. Well, for about 30 years.

Q. What is the business of that company? A. Making valuations principally of industrial plants.

Q. In that field since how long did they operate in Canada? A. Since 1905.

Q. Has it had a good deal of experience in that business? A. Has a very wide experience.

Q. What do you mean? A. We have appraised, I would say, about 80% of the large manufacturing plants of the country.

Q. You have been with the company for 30 years? A. Yes.

Q. In this company since the beginning; was there an appraisal made in 1920 of the plant of the Dominion Textile Company? A. There was.

MR. McRUER: When was this?

MR. GEOFFRION: 1920. You have got a summary of it before you; I did not bring the whole appraisal here.

MR. McRUER: That is alright.

BY MR. GEOFFRION: Q. Now, you were then in charge of it as vice-president? A. I was vice-president in charge.

Q. It was made under your supervision? A. Under my supervision.

Q. I take it these appraisals are made by a number of people experiencedx in various departments? A. By a trained staff, yes.

Q. In this particular appraisal how long would

Q. Were you in the company previously? A. Well for about 30 years.

Q. What is the business of that company?

A. Making valuations principally of industrial plants.

Q. In that field since how long did they operate in Canada? A. Since 1908.

Q. Has it had a good deal of experience in that business? A. Has a very wide experience.

Q. What do you mean? A. We have appraised I would say, about 80% of the large manufacturing plants of the country.

Q. You have been with the company for 30 years?

A. Yes.

Q. In this company since the beginning was there an appraisal made in 1920 of the plant of the Dominion Textile Company? A. There was.

MR. [illegible] Yes.

MR. DOHERTY K.C.: 1920. You have got a summary of it before you; I did not bring the whole summary here.

MR. [illegible]: That is straight.

BY MR. DOHERTY K.C.: Q. Now, you were then in charge of it as vice-president? A. I was vice-president in charge.

Q. It was made under your supervision?

A. Under my supervision.

Q. I take it these estimates are made by a number of people [illegible] in various departments?

A. By a trained staff, yes.

Q. In that particular appraisal how long could

it have taken, about? A. Four or five months.

Q. How many engaged in it, about? A. About fifteen men.

Q. It was therefore a detailed appraisal? A. A completely detailed appraisal.

Q. Have you the records of it? A. We have the records.

Q. Have you got them at your office? A. In our store room, yes.

Q. Are they bulky? A. They are probably four or five feet high from the floor.

Q. Well, this was an appraisal of the land, buildings and plant, I suppose, not of the stock in trade? A. The manufacturing plant.

Q. The land, buildings and plant, you mean? A. Yes.

Q. And machinery? A. Yes.

Q. Can you please tell us if this is a summary of this appraisal that I show you? A. Yes.

Q. It is; well, I see it gives you for each mill the value of the land, of the water power privileges and leases, of the buildings, of the machinery and equipment, and then one colum giving total depreciated value and the other one total replacement value new? A. Yes.

Q. Can you tell us whether this is accurate? A. How do you mean?

Q. Was this valuation an accurate valuation? A. Yes, to the best of our knowledge I believe it is correct.

Q. Are there, sir? A. Four or five months.

Q. How many engaged in it, about? A. About fifteen men.

Q. It was therefore a detailed appraisal? A. A completely detailed appraisal.

Q. Have you the records of it? A. We have them in storage.

Q. Have you had them at your office? A. In our store room, yes.

Q. They are probably four or five feet high from the floor.

A. Well, this was an appraisal of the land, buildings and plant, I suppose, not of the stock in trade?

A. The manufacturing plant.

Q. The land, buildings and plant, you mean? A. Yes.

Q. Not machinery? A. Yes.

Q. Can you please tell us if this is a summary of this appraisal that I show you? A. Yes.

Q. It is; well, I see it gives you for each mill the value of the land, of the water power privileges and leases, of the buildings, of the machinery and equipment, and then one column giving total depreciated value and the other one total replacement value, is that? A. Yes.

Q. Can you tell us whether this is accurate? A. How do you mean?

Q. Was this valuation an accurate valuation? A. Yes, to the best of our knowledge I believe it is accurate.

Q. Will you please file it as number --

THE COMMISSIONER: 510.

EXHIBIT NO. 510: Statement showing 1920 depreciated appraisal, Dominion Textile Company.

BY MR. GEOFFRION: Q. 510, thank you; this, of course, was given over to the company; this was made at the request of the company and given to the company? A. Given to the company.

Q. Thank you.

--

BY MR. McRUER:

Q. Were you told what the object of this appraisal was? A. No.

Q. You must have been told what the depreciated value of the buildings was at the time the appraisal was made? A. I did not get that.

Q. You must have been told what the company's record of the depreciated value of the buildings was? A. We had no knowledge of the company's records in any shape or form.

Q. Where do you get the figure, total depreciated value? A. That is our valuation.

Q. Pardon? A. That is our valuation.

Q. That was the valuation at the time you made the appraisal? A. In 1920, yes.

Q. Then, the replacement value new is what it would cost to put them their again? A. At that time, yes.

MR. GEOFFRION: As new.

BY MR. McRUER: Q. Now, you don't know at what

Q. Will you please file it as number --

and Commissioner WAD.

EXHIBIT NO. 40:

Summary showing less depreciated equipment, Pontiac Textile Company.

5 BY MR. CONNELL: Q. Now, that, of course, was given over to the company; this was made at the request of the company and given to the company? A. Given to the company.

Q. Thank you.

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BY MR. MCNAB:

Q. Were you told what the object of this summary was? A. No.

Q. You must have been told what the depreciated value of the buildings was at the time the appraisal was made? A. I did not get that.

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Q. You must have been told what the company's record of the depreciated value of the buildings was? A. We had no knowledge of the company's records in any shape or form.

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Q. Have we got the figure, what depreciated value? A. That is our valuation.

Q. Pardon? A. That is our valuation.

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Q. That was the valuation at the time you made the valuation? A. To [illegible] year.

Q. Then, the replacement value now is what it would cost to put them back again? A. At that time, yes.

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Q. MACPHERSON: An hon.

MR. MCNAB: Q. Now, you don't know at that

value the company carried them on their books at the time that this appraisal was made? A. No, I have no knowledge of that.

Q. Did you understand that there was going to be a recasting of the financial structure of the company about this time? A. I knew nothing about it.

THE COMMISSIONER: What is given as the replacement value?

MR. McRUER: $30,352,437.44.

MR. GEOFFRION: That is new.

MR. McRUER: That is the replacement value.

MR. GEOFFRION: That is as if it was new because the value in the condition it was was $22,918,033.32.

MR. McRUER: That is the depreciated value.

MR. GEOFFRION: The value as of that date. The other one was to re-build.

BY MR. McRUER: Q. I want to understand what these columns are? The first is the value of the land; that would be the value of the land at the time you made the appraisal; is that correct? A. All these figures are as of 1920.

Q. As of 1920; well, the total depreciated value, why do you put in the total depreciated value? A. That is the write down from the replacement cost at that time.

Q. The write down from the replacement cost?

MR. GEOFFRION: On account of age.

MR. McRUER: No, that doesn't do. You have the second last column, total depreciated value. The first item is $3,712,907.96. Now, why did you

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put in the word depreciated? That must be the value at that time? A. Exactly.

Q. That is what you figure the value of those buildings to be. Now, how do you arrive at that figure? A. Well, we make out the cost to replace new at the time of the appraisal. Then we take out the depreciation for age, wear or tear or any other condition.

Q. I want to get that.

THE COMMISSIONER: Mr. McRuer, you will notice that includes the land. He has put in the land.

MR. McRUER: Yes, my lord. You have got a total replacement value new of $4,874,825.86. Now, on what method of calculation do you arrive at the $3,712,997.96? I understand that the way you approach the subject is first to appraise it as to its replacement new and then you depreciate it according to the number of years that the plant has been in existence. Now, I want to know how you went about that operation? A. We just consider the age and condition, not necessarily the age, the condition is more important, of the buildings or machinery or any other unit we are appraising. It may be depreciated 5% or may be depreciated 90% depending upon its condition.

Q. Well, you did not take into consideration the amount that the company had depreciated it? A. I knew nothing about that.

Q. So if the company had already depreciated this by a very much greater sum, that is, actually

put in the word depreciated? That must be the value at that time? A. Exactly.

Q. That is what you figure the value of those buildings to be. Now, how do you arrive at that figure? A. Well, we make out the cost to replace now at the time of the appraisal. Then we [illegible] any other condition.

Q. I want to get that.

THE COMMISSIONER: Mr. Mulvey, you will notice that includes the land. He has put in the land.

Mr. MULVEY: Yes, my lord. You have got a total replacement value now of $4,874,882.66. Now, on what method of calculation do you arrive at the $3,716,607.67? I understand that the way you approach the subject is first to appraise it as to its replacement new and then you depreciate it according to the number of years that the plant has been in existence. Now, I want to know how you went about that operation? A. We just consider the age and condition, not necessarily the age, the condition is more important, of the buildings or machinery or any other unit we are appraising. It may be depreciated 5% or may be [illegible].

Q. Well, you did not take into consideration the amount that the company had depreciated it? A. I knew nothing about that.

Q. So if the company had already depreciated this by a very [illegible] sum, that is, actually

writing off for depreciation, you were disregarding that and setting up another figure of the depreciated value arrived at by taking the replacement value new and then looking at the buildings and saying we will depreciate it so much; is that correct?

A. Not quite as casual as that.

Q. Well, probably not, but that was your policy of arriving at it? A. That is the method that is followed, but of course we are a little more careful in how we arrive at our depreciations than just looking at them casually.

Q. Well, for the land, for instance, you have in here in the first item $389,003.35; would that be the value of the land in 1920? A. As of that time, yes.

Q. Well, is that the depreciated value of the land or -- A. There would be no depreciation on the value of the land.

Q. Then, we have not got your figures here to show us what the total replacement value of the buildings was at all, have we? A. No.

Q. So that we are rather in a quandary.

BY THE COMMISSIONER: Q. You would have to subtract the value of the land? A. Yes.

MR. GEOFFRION: And the water power, you subtract the land and water power privileges.

THE COMMISSIONER: I was just dealing with the first item, Hochelaga, where there are no water power privileges. There is just land, buildings and machinery.

writing it off for depreciation, you were disregarding that and putting up another figure of the depreciated value arrived at by taking the replacement value now and then looking at the buildings and saying we will depreciate it so much; is that correct?

A. Not quite as general as that.

Q. Well, generally speaking, you take some -- of arriving at it?

A. That is the method that is followed, but of course we are a little more careful in how we arrive at our depreciations than just looking at them generally.

Q. Well, for the land, for instance, you have in here in the first item $[illegible],000.00; would that be the value of the land in 1907?

A. As of that time, yes.

Q. Well, is that the depreciated value of the land or --

A. There would be no depreciation on the value of the land.

Q. Then, we have not got your figures here to show us what the total replacement value of the buildings was at all, have we?

A. No.

Q. So that we are rather in a quandary.

BY THE CHAIRMAN: Q. You would have to substract the value of the land?

A. Yes.

BY MR. LAFFLEUR: And the water power, you substract the land and water power privileges.

THE CHAIRMAN: I was just dealing with the first item, Kitchener, where there are no water power privileges. There is just land, buildings and machinery.

MR. SCOTTRIGHT: Therm, I am wrong. There might be a lease that was amortized.

MR. McRUER: I think it would be very useful just to have another column to show the actual figures that we can check back on your books of the replacement value of the buildings.

THE COMMISSIONER: And machinery.

MR. McRUER: And machinery, so that we will keep these things separate from the confusion of land or leases or water power privileges or anything of that sort so we can just look at this and see what the replacement value of the buildings is and how much you depreciated them and then after that we can study that much better. So, if you could just send in to the secretary an amended copy of this which we can probably make 511, my lord, showing that information.

THE COMMISSIONER: Is that agreed to, is that alright?

MR. SCOTTRIGHT: Yes.

THE COMMISSIONER: 511.

EXHIBIT NO. 511 — Statment showing 1920 depreciated appraisal, Dominion Textile Company, as amended to show replacement value of buildings and depreciated value. (To be produced)

MR. McRUER: Just make a note of that, Mr. Whiteley. 511 will be an amended copy of 510 showing the replacement value of buildings and machinery and the depreciated value of them according to the figures of the appraisal company. Thank you, that is all.

Mr. MORRIS: I think it would be very useful just to have another column to show the actual figures that we can check back on your books of the replacement value of the buildings.

Mr. MORRIS: And machinery, so that we will keep these things separate from the conclusion of land or leases or water power privileges or anything of that sort so we can just look at this and see what the replacement value of the buildings is and how much you depreciated them and then after that we can study that much better. So, if you could just send in to the secretary an amended copy of this which we can probably make Bill, by law, showing that information.

THE CHAIRMAN: Is that agreed to, is that [illegible]

Mr. CONFRAIN: Yes.

THE CHAIRMAN: Bill.

CONSIDERATION OF BILL

[illegible] amendment. Dominion Textile [illegible] to assessed the place [illegible] replacement value of buildings and depreciated value. (To be printed)

Mr. MOTHER: Just make a note of that, Mr. White-law. Bill will be an amended copy of Bill showing the replacement value of buildings and machinery and the depreciated value of the existing [illegible] of the assessment [illegible]. Same yes, that is all.

CHARLES FAIRCHILD, sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Fairchild, what business are you engaged in? A. Manufacturer's agent.

Q. Manufacturer's agent, and how long have you been a manufacturer's agent? A. For myself since the middle of February --

BY THE COMMISSIONER: Q. Please speak louder? A. On my own account since the middle of February and prior to that for 25 years.

BY MR. McRUER: Q. 25 years engaged with some other firm? A. Yes.

Q. What firm was that? A. I was with Mundelow Company, Limited for 21 years.

BY THE COMMISSIONER: Q. What is that? A. Mundelow Company, Limited.

BY MR. McRUER: Q. Now, as manufacturer's agent for yourself you are carrying on business in Montreal? A. Yes.

Q. What line of goods are you handling? A. Principally silks, rayons and velvets.

Q. Are you representing Canadian companies or foreign companies? A. Foreign companies.

BY THE COMMISSIONER: Q. Pardon me, you said silks and what else? A. Silks, rayons and velvets.

BY MR. McRUER: Q. What foreign companies are you representing? A. Mitsui Company of Japan, C. J. Bonnet of France, Christof Andreae of Cologne.

Q. Yes, and any others? A. Combier and Company of Paris, France.

Cross Examination, Bourne.

EXAMINED BY MR. BOURNE:

Q. Mr. Tairovitch, what business are you engaged in?

A. Manufacturer's agent.

Q. Manufacturer's agent, and how long have you been a manufacturer's agent?

A. For myself since the middle of February --

BY THE COMMISSIONER: Q. Please speak louder?

A. In my own account since the middle of February and prior to that for 25 years.

BY MR. McPHEE: Q. 25 years engaged with some manufacturer?

A. Yes.

Q. What firm was that?

A. I was with Mandelow Company, Limited for 21 years.

BY THE COMMISSIONER: Q. What is that?

A. Mandelow Company, Limited.

BY MR. MONTET: Q. Now, as manufacturer's agent for yourself you are carrying on business in Montreal?

A. Yes.

Q. What line of goods are you handling?

A. Principally silks, rayons and velvets.

Q. Are you representing Canadian companies or foreign companies?

A. Foreign companies.

BY THE COMMISSIONER: Q. Pardon me, you said silks and what else?

A. Silks, rayons and velvets.

Q. Which foreign companies are you representing?

A. Kikuni Company of Japan, C. J. Pomet of France, Gerardot Andreae of Cologne.

Q. Yes, and any others?

A. Gaubler and Company of Paris, France.

Q. Were you engaged in this same line of business when you were with the other form? A. Yes, the same line of business.

Q. And engaged in the import trade? A. Yes.

Q. With the same companies or other companies? A. With the exception of Mitsui.

Q. He is the only one that has been added? A. Yes.

Q. Since you have changed? A. Yes.

Q. Now, how has business been with Mitsui and Company's lines? Have you been -- A. Fairly successful.

Q. To what extent have you actually been selling goods in Canada? A. In quantity?

Q. Yes.

THE COMMISSIONER: You said selling goods.

MR. McRUER: I mean rayons and silks; tell us what you have been selling? A. No silks.

Q. Pardon? A. No silks.

THE COMMISSIONER: I don't know whether you mean for Mitsui or everybody.

BY MR. McRUER: Q. I am referring to Mitsui. A. At the present time no silks. I received my samples of silks this morning hence the reason for not selling.

Q. You have not had any samples? A. No, sir, and rayons possible four thousand pieces.

BY THE COMMISSIONER: Q. Pardon? A. Possibly four thousand pieces.

BY MR. McRUER: Q. Four thousand pieces would be

Q. Were you engaged in this same line of business when you were with the other form? A. Yes, the same line of business.

Q. And engaged in the import trade? A. Yes.

Q. With the same companies or other companies?

A. With the exception of Mitsui.

Q. He is the only one that has been added?

A. Yes.

Q. Since you have changed? A. Yes.

Q. Now, how has business been with Mitsui and Company's lines? Have you been -- A. Fairly successful.

Q. To what extent have you actually been selling goods in Canada? A. In quantity?

Q. Yes.

THE COMMISSIONER: Not selling goods.

MR. MORDEN: I mean rayons and silks; tell us what you have been selling? A. No silks.

Q. Pardon? A. No silks.

THE COMMISSIONER: I don't know whether you mean for Mitsui or everybody.

BY MR. MORDEN: Q. I am referring to Mitsui.

A. At the present time no silks. I received my samples of silks this morning hence the reason for not selling.

Q. You have not had any samples? A. No, only one or two pretty poor Japanese samples.

BY THE COMMISSIONER: Q. Hardly? A. Possibly three thousand pieces.

MR. MORDEN: Q. Your Honour please would you

your sales to date? A. Yes.

BY THE COMMISSIONER: Q. Since when? A. Since the middle -- since actual operation, the 10th of March about.

BY MR. McRUER: Q. And how many yards would there be in a piece? A. 30 yards.

Q. What would be the total value of that altogether? A. In yen or in dollars.

Q. Oh, in dollars? A. The laid down prices or cost C.I.F. price.

Q. Well, laid down price, if you like?

A. I have nothing to do with the laid down price.

Q. Well, alright, the imported price?

A. As an average price?

Q. The total? A. The total average price?

Q. Yes.

BY THE COMMISSIONER: Q. That kind of price have you? A. C.I.F.

Q. What is that? A. There are various qualities, different qualities.

Q. Mr. McRuer wants to know the total amount.

A. Do you mean roughly or exact?

BY MR. McRUER: Q. A near estimate, at any rate. I don't expect you to have it exact. A. About $9,000 C.I.F.

Q. And have you experienced any interference with customs officials in any way in regard to carrying on your business? A. I have had nothing, no.

Q. It has been suggested there are some means being adopted by the customs authorities to keep

your money to play? A. Yes.

Q. Now, [illegible] A. Place the middle -- since motor operation, the loss of march about.

BY MR. WORKMAN: Q. And how many yards would there be in a piece? A. 30 yards.

Q. That would be the total value of that altogether? A. In you r in dollars.

Q. Oh, in dollars? A. The land down prices or cost F.I.F. price.

Q. Well, land down price, if you like?

A. I have nothing to do with the land down price.

Q. Well, alright, the imported price?

A. As an average price?

Q. The total? A. The total average price?

Q. Yes.

BY THE COMMISSIONER: Q. What kind of price have you? A. C.I.F.

Q. What is that? A. There are various conditions, different conditions.

Q. Mr. [illegible] wants to know the total amount.

Q. Do you deal roughly or exact?

BY MR. WORKMAN: Q. A near estimate, at any rate.

I don't expect you to have it exact. A. About 89,000 C.I.F.

Q. And have you experienced any interference with service stations in any way\regard to carrying in your business? A. I have had nothing, no.

Q. It has been suggested there are some [illegible] being injured in the railway authorities to keep

Japanese goods out other than the ordinary tariffs that apply by law. We know what they are and what must be paid but it has been suggested that the customs authorities were adopting some particular means, or there was some government interference to keep Japanese goods out. Have you run into anything of that sort? A. No, I have no knowledge of that.

Q. Nothing of that sort has come to your attention? A. None whatever.

Q. As far as you are concerned, anything that you wanted to import and sell to people that wished to buy, they were not interfered with as long as they paid their duties and paid for the goods? A. Not that I know of.

Q. Now, how about your lines; it has been suggested here that they were over-running and going to over-run the Canadian market to the exclusion of Canadian goods practically. How do you find in selling your Japanese goods in making your quotations with regard to the competition you receive from the Canadian goods? A. As regards the competition I receive, in certain articles I am not able to sell at all, in the better qualities of Japanese goods.

Q. Pardon? A. In the better qualities of Japanese goods I have not been able to sell.

Q. You have not been able to sell in the better qualities of Japanese goods. Why? A. Certain reasons, for instance, one man told me he could buy a very similar goods in Canada and buy them from stock --

BY THE COMMISSIONER: Q. Buy from what?

Japanese goods out other than the ordinary tariffs that apply by law. We know what they are and what must be paid but it has been suggested that the customs authorities were adopting some particular means, or [illegible] goods out. Have you run into anything of that sort? A. No, I have no knowledge of that.

Q. Nothing of that sort has come to your attention? A. None whatever.

Q. As far as you are concerned, anything that you wanted to import and sell to people that wished to buy, they were not interfered with as long as they paid their duties and paid for the goods? A. Not that I know of.

Q. Now, how about your linen; it has been suggested here that they were over-running and going to over-run the Canadian market to the exclusion of Canadian goods practically. How do you find in selling your [illegible] with regard to the competition you receive from the Canadian goods? A. As regards the competition I receive, in certain articles I am not able to sell at all, in the better qualities of Japanese goods.

Q. Pardon? A. In the better qualities of Japanese goods I have not been able to sell.

Q. You have not been able to sell in the better [illegible]? A. [illegible] reasons, for instance, one man told me he could buy a very similar goods in Canada and buy them from stock

BY THE CHAIRMAN: Q. Buy from what?

A. From stock, buy a piece or two at a time and there was no advantage in putting big quantities into work for later deliveries and have to wait for them.

BY MR. McRUER: Q. Alright; what other reasons if any have you got to suggest as to why you are unable to sell the better class Japanese goods at all?

A. I have no other reason.

Q. You have not been able to sell, anyway?

A. No.

Q. Have you knowledge of what it costs to lay them down here duty paid, all different kinds of duty paid and the transportation charges and so on?

A. On the C.I.F. basis --

BY THE COMMISSIONER: Q. Please speak louder?

A. On the C.I.F. basis the average advance without sales tax is in the neighbourhood of 195%.

MR. McRUER: 195%.

MR. KELLOCK: What is that?

MR. McRUER: The average advance without sales tax on the C.I.F. basis is 195%, the average advance on the Japanese goods? A. That is what I have been given to understand.

BY THE COMMISSIONER: Q. The average advance over what? A. The yen price in Japan.

BY MR. McRUER: Q. The C.I.F. price? A. The C.I.F. Price. I have been given to understand this by my customers. I have no knowledge myself.

Q. So that probably we cannot take it as your studied evidence anyway; you have never worked it out?

A. From stock, buy a piece or two as a time and there was no advantage in putting big quantities into work for later delivories and have to wait for them.

BY MR. McKEEN: Q. Airight; what other reasons had you have got to suggest as to why you are unable to sell the better class Japanese socks at all?

A. I have no other reason.

Q. You have not been able to sell, anyway?

A. No.

Q. Have you knowledge of what it costs to lay down duty paid and the transportation charges and so on?

A. On the C.I.F. basis --

Q. Please speak louder.

A. On the C.I.F. basis the average advance without sales tax is in the neighbourhood of 100%.

Q. Sales tax: 10%.

MR. MULOCK: What is that?

MR. McKEEN: The average advance without sales tax on the C.I.F. basis is 100%, the average advance on the Japanese goods?

A. That is what I have been giving you.

BY THE COMMISSIONER: Q. The average advance over cost?

A. The yen price in Japan.

BY MR. McKEEN: Q. The C.I.F. price? A. The C.I.F. Price. I have been given to understand this by my customers. I have no knowledge myself.

Q. So that probably we cannot take it as your studied evidence anyway: You have never worked it out

A. As a matter of fact I did work it out on Saturday.

BY THE COMMISSIONER: Q. When? A. On Saturday.

BY MR. McRUER: Q. How did it work out?

A. It was in the neighbourhood of 190%.

Q. Now, in reference to the American market have you any knowledge of the American market at all?

A. No.

Q. Do you know whether the Japanese are selling rayons in the American market? A. No, I have no knowledge, no definite knowledge.

Q. Your evidence is it is only in the poorer grades that you are able to do business in Canada?

A. Yes.

Q. Now, when you speak of the poorer grades have you any samples of them? A. Not with me.

Q. Not with you; let us see those samples please, Mr. Whiteley, the Japanese samples. I show you some 27 inch tarfeta that has been produced here; did you handle any of that? A. Produced here?

Q. It has been produced here in the evidence.

A. Oh, I beg your pardon, yes, I have sold this.

Q. Pardon? A. I have sold this.

Q. You have sold some of that? A. Yes.

Q. Is that comparable to the type of goods that you are able to sell? A. You are talking about Japanese rayons?

Q. Yes, Japanese rayons; I say is this comparable to the type of goods that you are able to sell?

A. Yes, it is of that class of stuff.

Q. It is that class of stuff; that is what I want

A. As a matter of fact I did work it out on Saturday.

BY THE COMMISSIONER: Q. When? A. On Saturday.

BY MR. MORDEN: Q. How did it work out?

A. It was in the neighbourhood of 190%.

Q. Now, in reference to the American market have you any knowledge of the American market at all?

A. No.

Q. Do you know whether the Japanese are selling rayons in the American market? A. No. I have no knowledge, no knowledge whatsoever.

Q. Your evidence is it is only in the poorer grades that you are able to do business in Canada?

A. Yes.

Q. Now, when you speak of the poorer grades have you any samples of them? A. Not with me.

Q. Not with you; let us see those samples please. Mr. Whitely, the Japanese samples. I show you some 27 inch taffeta that has been produced here; did you handle any of that? A. Produced here?

Q. It has been produced here in the evidence.

A. Oh, I see your pardon, yes, I have sold this.

Q. Sold? A. I have sold this.

Q. You have sold some of it? A. Yes.

Q. Is that comparable to the type of goods that you are able to sell? A. You are talking about [illegible]

Q. Yes, Japanese rayons; I say, is this comparable to the type of goods that you are able to sell?

A. Yes, it is of that class of stuff.

Q. It is that class of stuff, that is what I was

to know. We have had evidence about some brocades too; have you been doing business in the brocades? A. Oh yes, I have sold brocades.

Q. What portion of your business would be in taffetas as compared with brocades? A. About 70%.

Q. In taffetas or brocades? A. Taffeta, plain taffeta.

Q. In plain taffeta, and it would be of a type of goods of a similar class to this? A. It is the regular Japanese 27 inch rayon.

Q. And that is about this quality, is it? A. That I don't know.

Q. Pardon? A. That I don't know; I would have to compare them with my own samples. I am selling from my own samples.

Q. At what prices do you sell your 27 inch taffeta? A. On the C.I.F. basis of $1.15 per piece; it depends if you are having shipment via Vancouver or via Panama. If your shipment is via Panama the quotation in March was $1.15 per piece, C.I.F.

BY THE COMMISSIONER: Q. That is in Montreal? A. In Montreal, yes, and via Vancouver $1.28.

BY MR. McHUGH: Q. That is for 30 yards? A. Yes.

Q. Then, that is based on the current rate of exchange for the yen? A. The price, yes.

Q. The price is? A. Yes, sir.

Q. Of course, the valuation for duty is at the

to know. We have had evidence about some procedure too; have you been doing business in the business?

A. Yes, I have sold brewers.

Q. What portion of your business would be in cutlets as compared with breakfast? A. About 75%.

Q. In cutlets or breakfast? A. Cutlets, plain cutlets.

Q. In plain cutlets, and it would be of a type of goods of a similar class to this? A. It is the regular Japanese 27 inch rayon.

Q. And that is about this quality, is it?

A. That I don't know.

Q. Pardon? A. What I don't know; I would have to compare them with my own samples. I am selling from my own samples.

Q. At what price do you sell your 27 inch cutlets? A. On the C.I.F. basis of $1.15 per piece; it depends if you are having shipment via Vancouver or via Canada. If you ask me is via Canada the quotation is between $1.15 or $1.20 C.I.F.

By MR. CONSTANTINE: Q. What is Montreal? A. Montreal, Quebec and Vancouver $1.15.

By MR. MOSS K.C.: Q. That is for 20 yards?

A. Yes.

Q. Then, that is on or the current rate of exchange for the year? A. The rate, yes.

By MR. LAW: A. Yes, Sir.

Q. Of course, the valuation for duty is on the

proclaimed value? A. Yes.

Q. Now, in regard to the type of -- A. Excuse me, the price I am giving you is for March quotations.

THE COMMISSIONER: A little louder, please.

MR. McRUER: For March quotations.

A. To-day's quotations are a little higher.

Q. What are they now? A. $1.23 as against $1.15 via Panama.

BY THE COMMISSIONER: Q. $1.23 instead of $1.15; that is via the canal? A. Yes, and I haven't the actual quotation on the Vancouver, but it would be proportionate, of course.

BY MR. McRUER: Q. Now, we have had evidence from the buyers of Simpsons, Montreal and Toronto, Eatons, Montreal and Toronto, Morgans and Greenshields, and they have all given evidence that they have handled very little of the Japanese rayons. Have you been trying to sell them? A. I am trying all the time.

Q. You are trying all the time? A. Yes.

Q. And at this price, based on this price that you quote, there is no false inflation of the price or anything of that sort? A. Oh no, no.

Q. So as far as you are concerned you have not experienced any great burst of business that has swamped the Canadian market yet? A. Not up to the present, no.

BY THE COMMISSIONER: Q. Not what? A. Not at present.

predicted value? A. Yes.

Q. Now, in regard to the type of -- A. Excuse me, the price I am giving you is for March quotations.

THE COMMISSIONER: A little louder, please.

MR. MORDEN: For March quotations.

A. To-day's quotations are a little higher.

Q. What are they now? A. $1.25 as against $1.15 are March.

BY THE COMMISSIONER: Q. $1.25 instead of $1.15; that is the same? A. Yes, and I haven't the actual quotation on the Vancouver, but it would be proportionate, of course.

BY MR. MORDEN: Q. Now, we have had evidence from the buyers of Simpsons, Montreal and Toronto, Eatons, Hayward and Bennett, Brooks and Mackenzie; and they have all given evidence that they have handled very little of the Japanese ryons. Have you been trying to sell them? A. I am trying to all the time.

Q. You are trying all the time? A. Yes.

Q. And at this price, based on this price that you quote, there is no false inflation of the price or anything of that sort? A. Oh no, no.

Q. So as far as you are concerned you have not experienced any great burst of business that has swamped the Canadian market yet? A. Not up to the present, no.

BY THE COMMISSIONER: Q. Not what? A. Not a [illegible]

BY MR. McRUER: Q. Do you see any change, any prospect of a change? A. I would not say so for the immediate.

Q. Or for the remote, have you got any observations to make about it? A. No, sir.

Q. I suppose you are always hopeful that you will do all the business you can? A. Naturally.

Q. And trying to do all the business you can I want to know have you got any evidence to suggest of any prospect of a change in the future? A. I haven't anything to suggest.

Q. By the way, there has been a suggestion made that Mitsui and Company had rented a big building in Montreal for a storage warehouse; do you know anything about that? A. I heard of the rumour two days after I had the agency.

Q. You heard of the rumour two days after you had the agency? A. Yes, sir. I think that was about possibly the 20th of February -- the 25th of February but I have heard nothing since and I have heard nothing from Mitsui.

Q. You have never heard of Mitsui having any plans to rent a big warehouse? A. Never been discussed, never mentioned.

(page 7472 follows)

BY MR. McRUER: Q. Do you see any change, any prospect of a change? A. I would not say so for the immediate.

Q. Or for the remote, have you got any observations to make about it? A. No, sir.

Q. I suppose you are always hopeful that you will do all the business you can? A. Naturally.

Q. And trying to do all the business you can I want to know have you got any evidence to suggest of any prospect of a change in the future?

A. I haven't anything to suggest.

Q. By the way, there has been a suggestion made that Ritani and Company had rented a big building in Montreal for a storage warehouse; do you know anything about that? A. I heard of the rumour two days after I had the energy.

Q. You heard of the rumour two days after you got the energy? A. Yes, sir. I think that was about possibly the 20th of February -- the 25th of February but I have heard nothing since and I have heard nothing from Ritani.

Q. You have never heard of Ritani having any place to rent a big warehouse? A. Never been interested enough in it.

(page 7471 follows)

BY MR. KELLOCK:

Q. What do you handle for Bonnet? A. Dress silks and silks suitable for tailoring.

Q. That is, real silk? A. Yes.

Q. And for Andre? A. Velvets, dress velvets.

Q. Made of what? A. Silk and silk and rayon.

Q. And for Combier? A. High class novelties in dress silk.

Q. Real silk again? A. Not always.

Q. What else? A. Rayon and silk and rayon and silk mixture.

Q. And to what extent have you sold rayon for Combier? A. Very little, practically nothing.

MR. McRUER: Q. He is from France? A. Yes, Paris.

MR. KELLOCK: Q. So that we can eliminate your source of rayon from anybody except Mitsui? A. Yes.

Q. And you say that you do not know what the laid down price is of anything you have sold, is thatso? A. Well, it has not done under me since I am simply selling on a c.i.f. basis.

Q. How can you sell if you do not know what the laid down cost is to your customer? A. Surely a customer should be able to figure out the prices.

Q. You cannot help at all? A. Oh, I can help.

Q. Do you know the Japanese price of each of your samples? A. Oh, yes, we quote

MR. LEDGER:

Q. What do you handle for Bonnet? A. Dress silks and silks suitable for tailoring.

Q. That is, real silk? A. Yes.

Q. Any rayon fabrics? A. Velvets, brocades, velvets.

Q. Made of what? A. Silk and silk and rayon.

Q. And for Comfort? A. Velvet glass satins in broad silk.

Q. Real silk crepe? A. Not always.

Q. What else? A. Rayon and silk and rayon and silk mixture.

Q. And to what extent have you sold rayon for Comfort? A. Very little, practically nothing.

MR. MORNEM: Q. He is from Bonnet? A. Yes, Paris.

MR. LEDGER: Q. So that we can eliminate your source of rayon from anybody except itself?

A. Yes.

Q. And you say that you do not know what the laid down price is of anything you have sold, is that? A. Well, it has not done much for me since I am simply selling on a c.i.f. basis.

Q. How can you sell if you do not know what the laid down cost is to your customer?

A. Surely a customer should be able to figure out the prices.

Q. You cannot help at all? A. Oh, I can help.

Q. Do you know the Japanese price of each of your samples? A. Oh, yes, we quote

both ways. We quote f.o.b. Japan and c.i.f. via Panama and c.i.f. via Vancouver.

THE COMMISSIONER: Q. F.O.B. Japan is in the yen, I suppose? A. Yes.

MR. KELLOCK: Q. Then you told my learned friend that the higher class materials which you have you found in going around they were not competitive with the Canadian goods? A. No, I did not say they were not competitive, I said I could not sell them.

Q. Is not that the same thing? For what reason cannot you sell them? A. From what I have learned from my customers I have called upon is that the supply in Canada of the local production is too close to the Japanese price for them to take a chance on ordering quantities and waiting a long time for delivery, when the can buy a few pieces at a time here.

Q. Is not that what you understand by your goods not being competitive with Canadian goods? A. To the other man's business it is possibly not competitive.

Q. That is, it is a question of price? A. That is, to his particular business.

THE COMMISSIONER: Q. Price and availability of supply? A. Yes.

MR. KELLOCK: Q. Can we take it that this is the fact that in every case your price that you quoted is lower than the Canadian price but the element of having to wait for the goods is the determining factor? A. I could not decide that; I have no evidence of the local prices.

Bale Mills. Do goods Fresh, Dupon and Fabric Co. Sorrow and Fabric, Co. Dominion.

THE COMMISSIONER: Q. R.C.M.P. Report is on the 7th, I suppose? A. Yes.

Mr. R. LOCK: Q. Then you tell my learned friend that the higher class materials which you have found in going around they were not competitive with the Canadian goods? A. No, I did not say they were not competitive, I said I could not get them.

Q. Is not that the same thing? For what reason cannot you sell them? A. From what I have learned from my customers I have called upon is that the supply in Canada of the local production is too close to the American price for them, to take a chance on ordering quantities and waiting a long time for delivery, when they can buy a few pieces at a time here.

Q. Is not that what you understand by your goods not being competitive with Canadian goods? A. To the other man's business it is possibly not competitive.

Q. That is, it is a question of choice? A. That is, to his particular business.

THE COMMISSIONER: Q. Price and availability of supply? A. Yes.

Mr. R. LOCK: Q. Can we take it that this is the fact that in every case your price was quoted is lower than the Canadian price but the element of having to wait for the goods is the determining factor? A. I could not decide that; I have no evidence of the local prices.

Q. You do not know that? A. No.

Q. When did you discover that situation? A. You mean of my being told of this position?

Q. Yes, in the better class goods you were not able to sell? A. Just in the last few months when I received my samples.

Q. When did you receive your samples? A. In the better quality, I had them on hand about a month.

Q. Then you have not had anything to sell so far as you were concerned except the cheap taffetas until a month ago? A. Until about a month ago.

Q. Until about a month ago - that is about the 20th of May, along there? A. Yes.

Q. And have you reported that situation to your employers, Mitsui? A. No, that is not necessary. As a matter of fact my samples are principally Spring samples.

Q. You mean for sale by retail next Spring, is that it? A. Or should have been, most of them, for this Spring.

Q. In other words, you are too late in getting intothe market this year with these particular samples? A. Yes, I should say so.

Q. And being too late you are too early to try to sell them? A. Too early for next Spring?

Q. If you are too late for this Spring and too early for next Spring there is not much use your trying to sell at all for the moment? A. I am trying to sell, yes.

Q. You do not know that? A. No.

Q. When did you discover that situation?

A. You mean of my being told of this position?

Q. Yes, in the better class goods you were not able to sell? A. Just in the last few months when I received my samples.

Q. When did you receive your samples?

A. In the better quality, I had them on hand some a month.

Q. Then you have not had anything to sell so far as you were concerned except the cheap tailoring until a month ago? A. Until about a month ago.

Q. Until about a month ago - that is about the 20th of May, along there? A. Yes.

Q. And have you reported that situation to your employers, Hilsuit? A. No, that is not necessary. As a matter of fact my samples are principally Spring samples.

Q. You mean for sale by retail next Spring, is that it? A. Or should have been, most of them, for this Spring.

Q. In other words, you are too late in getting into the market this year with your particular samples? A. Yes, I should say so.

Q. And being too late you are too early to try to sell them? A. Too early for next Spring?

Q. If you are too late for this Spring and too early for next Spring there is not much use your trying to sell at all for the moment? A. I am trying to sell, yes.

Q. But if you are too early to sell them for next Spring--? A. Yes, but 100% of my samples is not all Spring samples. I mean, I have every day, ordinary every day rayon silks being used every day.

Q. Let us be clear what we are speaking about - we are speaking about your better class of crepes? A. Yes.

Q. Now, is it in respect to these you are too late for this year and too early for next year? A. You are talking of the better class of novelty fabrics. Novelty fabrics or plain?

Q. Well, let us see now we will divide these up. The first stuff that you handle is cheaper taffetas in the plain and brocade? A. Yes.

Q. Can you sell them any time of the year? A. Yes.

Q. What is the next classification? A. Then the next is plain crepes and articles of that description.

Q. And they are stable - you can sell them any time? A. Yes.

Q. And the third class? A. The third class would be novelties.

Q. You mean by novelties the better class goods that are not plain, that are printed and that sort of thing? A. Yes.

Q. Now, it is with that third class you are too late for this year and too early for next year? A. Yes.

Q. And you are not making any real effort to sell those at the moment? A. Not a real effort on this particular thing.

Q. Was it you who was merely in with him the
Mary Spring--? A. Yes, but 1034
or my samples is not all Spring samples. I mean,
I have every day, ordinary every day rayon silks
being used every day.

Q. Let us be clear what we are speaking about -
are speaking about your better class of crepes?

A. Yes.

Q. Now, is it to be expect to have you are
ate for this year and too early for next year?

A. You are talking of the better class or novelty
fabrics. Novelty fabrics of crepe?

Q. Well, let us see how we will divide these
Q. The first would that you usually in showing
fabrics in the plain and brocades? A. Yes.

Q. Can you sell them any time of the year?

A. Yes.

Q. What is the next classification? A.
Then the next is plain crepes and articles of that
description.

Q. And they are stable - you can sell them any
time? A. Yes.

Q. And the third class? A. The
third class would be novelties.

Q. You mean by novelties the better class goods
that are new styles, that you yourself and look most
at likely? A. Yes.

Q. Now, it is with that third class you are
interested the most and the most in -- and yet
A. Yes.

Q. And you are not making any real effort to
sell those at the moment? A. Not a
real effort on this particular thing.

Q. There is no question about you selling the first class, cheaper class? A. Yes.

Q. And the second class, middle class, plain crepes that are of a better class material, you find you are not selling them? A. No, I have had no success with them.

Q. And that is, as you said, on account of the price being too close? A. Yes, that is what I have been given to understand.

Q. When did you find that situation with respect to these goods? A. In the last month.

MR. McRUER: Q. Did not you have the crepe samples here? A. No, all my samples have been coming. I took this agency over in February, about the 28th.

MR. KELLOCK: Q. I thought you said March 10th? A. When I actually took it over was about February 28th in New York and my few samples came from New York, which gave me an opportunity of selling early in March.

Q. And they were the cheap stuff, the taffetas? A. Yes. Those were about the only samples I could get until about a month ago and then my samples came from Japan.

MR. McRUER: Q. You said your samples were coming along all the time? A. Yes.

Q. Until they came direct from Japan you had these crepes here a monthago?

MR. KELLOCK: The witness said that he did not.

MR. McRUER: I understand that he did.

THE WITNESS: The plain crepes?

Q. Yes. A. I would have to look up my records.

Q. There is no question about you selling the first class, cheaper class? A. Yes.

Q. And the second class, middle class, plain crepes that are of a better class material, you find you are not selling them? A. No, I have had no success with them.

Q. And that is, as you said, on account of the price being too close? A. Yes, that is what I have been given to understand.

Q. When did you find that situation with respect to these goods? A. In the last month.

MR. MONDER: Q. Did not you have the crepe samples here? A. No, all my samples have been coming. I took this agency over in February, about the 28th.

MR. MILLOGA: Q. I thought you said March 10th? A. When I actually took it over was about February 28th in New York and my few samples came from New York, which gave me an opportunity of selling early in March.

Q. And they were the cheap stuff, the inferior? A. Yes. Those were about the only samples I could get until about a month ago and then my samples came from Japan.

MR. MONDER: Q. You said your samples were coming along all the time? A. Yes.

Q. Until they came direct from Japan you had plain crepes, don't you, mostly?

MR. MONDER: The witness said that he did not.

MR. MONDER: I understand that he did.

THE WITNESS: The plain crepes?

Q. Yes. A. I would have to look up my records.

MR. KELLOCK: Q. You told me in answer to my question a little while ago the only samples you had until about a month ago are the cheap samples, is that right? A. If I made that statement I was too definite with the statement. I could not tell you exactly the date I received the plain crepe or plain satin or whatever it may be.

Q. But is that approximately the situation?

A. It is approximate. You would have to figure, it would take samples about a month to come from Japan and a cable was sent off from New York instructing them to commence sending samples to me and they commenced coming.

Q. What you have already said is approximately correct?

MR. McRUER: That would be around the first of April.

MR. KELLOCK: Q. That is, you got your samples of your cheap taffetas when - right when you got your instructions? A. Right in New York.

Q. And then you did not get your better class goods until approximately a month ago?

A. They have been dribbling through since then.

Q. Since then they have been dribbling in?

MR. McRUER: He said they came in answer to a telegram.

MR. KELLOCK: Is the witness giving the evidence?

MR. McRUER: He said they sent a telegram from New York to send samples on and then they started to come within about a month's time, as I understood.

THE WITNESS: Well, some were not sent off for a month from Japan.

Q. MILLOCK: Q. You told me in answer to my question a little while ago the only sampler you had until about a month ago are the sheep samples, is that right? A. If I made that statement I was too definite with the statement. I could not tell you exactly the date I received the plain crepe or plain satin or whatever it may be.

Q. But is that approximately the situation? A. It is approximate. You would have to figure, it would take samples about a month to come from Japan and a cable was sent off from New York instructing them to commence sending samples to me and they commenced coming.

Q. What you have already said is approximately correct?

MR. LEGGO: That would be around the first of April.

MR. MILLOCK: Q. That is, you got your samples of your sheep taffetas when - right when you got your instructions? A. Right in New York.

Q. And then you did not get your better class goods until approximately a month ago?

A. They have been dribbling through since then.

Q. Since then they have been dribbling in?

MR. LEGGO: He said they came in answer to a telegram.

MR. MILLOCK: Is the witness giving the evidence?

MR. MOLONY: He said they sent a telegram from New York to send samples on and then they started to dribble about a month's time, as I understood.

THE WITNESS: Well, some were not sent off for a month from Japan.

Q. Did you start to get some about a month after you got your agency? A. I wont say for certain. I would have to refer to my list.

MR. KELLOCK: Q. You say that you found out that you could not sell that better class material within the last month, about a month ago? A. Yes.

Q. Did you report that to your employers? A. No.

Q. Why not? A. Why not?

Q. Yes? A. I never think it is necessary to report to employers I am not able to sell.

Q. You do not care if you do not sell at all? A. Yes, I naturally do.

Q. When you find a customer that tells you your price is not right do not you report that to your employer, and see if you cannot get the price right? A. No. If I have an offer then I will report it but I am not reporting why.

Q. So that your real efforts to sell have really been devoted up to the moment to the 27" taffeta? A. No - my efforts to sell?

Q. No, I will say - your success in selling? A. Oh, that is another matter.

Q. Your success in selling, is that right? A. My success in selling rayon taffetas and satins.

Q. Where do you take your instructions from - from New York? A. From New York, yes.

Q. I was just curious about that figure of 195% that you gave - what was that again? A. The advance for laying goods down on the c.i.f. quotation.

Q. Did you start to get some about a month after you got your agency? A. I don't say for certain. I would have to refer to my list.

MR. KILLOCK: Q. You say that you found out that you could not sell that better class material within the last month, about a month ago?

A. Yes.

Q. Did you report that to your employers?

A. No.

Q. Why not? A. Why not?

Q. Yes? A. I never think it is necessary to report to employers I am not able to sell.

Q. You do not care if you do not sell at all?

A. Yes, I naturally do.

Q. When you find a customer that tells you your price is not right do not you report that to your employer, and see if you cannot get the price right? A. No. If I have an offer then I will report it but I am not reporting why.

Q. So that your real efforts to sell have really been devoted up to the moment to the 27v Valve? A. No - my efforts to sell

Q. No, I will say - your success in selling?

A. Oh, that is another matter.

Q. Your success in selling, is that figure

A. [illegible]

Q. [illegible] - from New York? A. From New York, yes.

Q. I was just curious about that figure of 1898 that you gave - what was that again?

A. The average for laying goods down on the o.i.f. notation.

Q. The advance on laying goods down in Montreal on the c.i.f. quotation? A. Yes sir.

Q. That item of 195%--?

THE COMMISSIONER: Q. Does that mean the difference between c.i.f. quotation and laid down price? A. Yes.

MR. KELLOCK: Q. Would that cover anything else than duties? A. Taxes, import taxes, excise.

Q. Excise tax and customs duties? A. Yes.

THE COMMISSIONER: Q. Does not include sales tax or does it? A. Yes, I think sales tax was included.

MR. KELLOCK: Q. Are you sure about that? A. Yes, I am practically sure.

Q. And that, of course, applies to the taffetas, does it? A. Well, there was taffeta and brocade and satin.

Q. Well, you are speaking about brocade taffeta that was taffeta and the satin? A. Yes.

Q. And what have you been selling the taffetas for per yard. You gave us $1.15 for a piece. Can you reduce that to yards? A. Well, a fraction under four cents per yard.

Q. That has been your standard price, has it, right along? A. No, there has been an increase, been steadily advancing.

Q. Now, you said in March the price by way of Panama was $1.15 in Montreal and Vancouver $1.28 and then there has been a recent increase from $1.15 to $1.23? A. Yes.

Q. Do you know the reason for that? A. The market, I suppose.

Q. Did [illegible] be in contract on the c.i.f. quotation? A. Yes sir.

Q. Don't [illegible]?

[illegible] Q. Does that mean the difference between c.i.f. quotation and [illegible] price?

A. Yes.

Q. [illegible] then duties? A. taxes, import taxes, [illegible].

Q. Excise tax and customs duties? A. Yes.

MRS CONFIDLOUSE: Q. Does not the duty include sales tax or does it? A. Yes, I think so; [illegible].

Q. Are you sure about that?

A. Yes, I am practically sure.

Q. And that, of course, applies to the [illegible] goes in? A. Well, there was [illegible] and brocade and satin.

Q. Well, you are speaking about brocade [illegible] that was [illegible] the [illegible]? A. Yes.

Q. And what have you been selling the [illegible] for per yard. You gave us $1.15 for a piece. Can you reduce that to [illegible]? A. Well, a [illegible] under four cents per yard.

Q. That has been your [illegible] price, has it, right along? A. No, there has been an increase, been steadily advancing.

Q. Now, you said in [illegible] price by [illegible] and then there has been a recent increase from $1.15 to $1.25? A. Yes.

Q. [illegible]?

A. The market, I suppose.

Q. I am asking you - do you know the reason for that? A. No, I have no definite reason.

Q. You know, do not you, that there has been no increase in the price of Japanese rayon yarn in that time? A. I offered Japanese rayon yarn.

THE COMMISSIONER: Q. You are trying to sell it? A. Yes, and there has been an increase in the yarn.

MR. KELLOCK: Q. In your price there has been a similar increase, has there? That is, the price you are instructed to offer it at there has been an increase? A. In rayon yarn?

Q. I am speaking of costs for the moment? A. No, I don't know that.

Q. Is the reason for the recent increase in your prices the fact that the sales that you have made did so undersell the Canadian product, is that the reason? A. The increase in the advance?

Q. Or were you consulted about the reason? A. I was not consulted. I am purely a selling agent.

Q. What is your territory? A. Canada with the exception of Ontario. That is, for Mitsui and Company?

Q. Yes? A. Canada with the exception of Ontario.

Q. And since you have been appointed how much of that territory have you been able to cover? A. Very little.

Q. Just Montreal? A. Just Montreal. Have not been able to get out of Montreal.

Q. I am asking you - do you know the reason for that? A. No, I have no definite reason.

Q. You know, do not you, that there has been no increase in the price of Japanese rayon yarn in that time? A. I offered Japanese rayon yarn.

MR. COMMISSIONER: Q. You are trying to sell it? A. Yes, and there has been an increase in the yarn.

MR. KILLOCK: Q. In your price there has been a similar increase, has there? That is, the price you are instructed to offer it at there has been an increase? A. In rayon yarn?

Q. I am speaking of course for the moment?

A. No, I don't know that.

Q. Is the reason for the recent increase in your prices the fact that the sales that you have made did so unterwell the Canadian product, is that the reason? A. The increase in the advance?

Q. Or were you consulted about the reason?

A. I was not consulted. I am purely a selling agent.

Q. What is your territory? A. Canada with the exception of Ontario. That is, for Pitman and Company?

Q. Yes? A. Canada with the exception of Ontario.

Q. And since you have been appointed how much of that territory have you been able to cover?

A. Very little.

Q. [illegible] ... [illegible].

Have not been able to get out of Montreal.

Q. How are you paid? A. Commission.

Q. And what is your commission on the taffeta? A. Am I--

THE COMMISSIONER: Do you want to know that?

MR. KELLOCK: I want to know on the question of comparative costs.

MR. McRUER: Well, on this my friends have been objecting that when a selling agent has been appointed - we have asked what the arrangement was with the selling agent and they have objected to giving it except in a confidential way.

THE COMMISSIONER: Unless there is some serious reason it would not be fair to have this witness proclaim his commission.

MR. KELLOCK: Well, my serious reason is that we want to know - I submit the Commission wants to know to what extent these prices are competitive.

MR. McRUER: That is one thing telling us and it is another thing telling his competitor. You asked us to keep your costs confidential and we have been keeping them confidential and not telling one competitor what the cost of another is, and I think Mr. Fairchild is in exactly the same position in regard to this. Do you want us to throw the whole costs situation open?

THE COMMISSIONER: He may give it to Mr. McRuer. You can tell Mr. McRuer this.

THE WITNESS: It will be confidential?

MR. McRUER: Yes, it will be confidential.

MR. KELLOCK: I suppose the Commission varies according to the type of goods? A. Yes.

Q. You get more on higher class material than

Q. How are you paid? A. Commission.

Q. And what is your commission on the returns?

A. As I--

THE COMMISSIONER: Do you want to know that?

MR. KULLOCK: I want to know on the question of comparative costs.

MR. MORDER: Well, on this my friends have been objecting that when a selling agent has been examined - we have asked that the examination was with the selling agent and they have objected to giving it except in a confidential way.

THE COMMISSIONER: Unless there is some material reason it would not be fair to have this witness probable his competitor.

MR. KULLOCK: Well, my serious reason is that we want to know - I submit the Commission wants to know to what extent these prices are competitive.

MR. MORDER: That is one thing telling us and it is another thing telling his competitor. You asked us to keep your costs confidential and we have been keeping them confidential and not telling one competitor what the cost of another is, and I think Mr. Meinerhld is in exactly the same position in regard to this. Do you want us to throw the whole case overboard?

THE COMMISSIONER: He may give it to Mr. Bonner. You can tell Mr. Bonner this.

MR. KULLOCK: It will be confidential?

MR. MORDER: Yes, it will be confidential.

MR. KULLOCK: I suppose the Commission varies according to the type of goods? A. Yes.

Q. You get more on higher class material than

on the cheaper class? A. Are you talking of rayon? Just rayon only?

Q. Yes? A. No, the same commission.

Q. The same commission no matter what the price is. Your only experience, as you have said, is in selling the cheaper rayons at the moment? A. Yes.

Q. But your commissions have been fixed on higher class material too, have they? A. Rayon is grouped as one whole thing, certain commission.

Q. No matter what the price is it is paid at the same rate? A. No, does not affect it.

Q. And the only things you sell are the rayon and real silk for Mitsui? A. No, I sell cotton - at least I have an agency for cottons, bedspreads, etc.

MR. McRUER: Q. Have you sold any cotton? A. No.

MR. KILLOCK: Q. Will you tell my friend your commissions on that. From the standpoint of quality what do you say about the samples - was it a better class of material that you have on hand? A. What do I say of the quality? In what respect?

Q. Of the better class? Are the goods of a good quality? I mean workmanship - have you any criticism to make of the samples that you have been sent to sell from the standpoint of workmanship? A. No.

Q. And as you said you had some twenty years' experience in business before you become a manufacturer's agent? A. I have been in the manufacturer's agency business all that time,

on the cheaper class? A. Are you talking
of cheaper goods only?

A. Yes. A. Of, the good commodities.

Q. The same commission no matter what the
price is. Your only experience, as you have said,
is in selling the cheaper lavons at the moment.

A. Yes.

Q. But your commissions have been fixed on
higher class material too, have they? A. Lavons
is grouped as one whole thing, certain commission.

Q. No matter what the price is it is paid at
the same rate? A. No, does not
affect it.

Q. And the only things you sell are the lavons
and real silk for ribbon? A. No, I
sell cotton - at least I have an agency for cottons,
Chambrays, etc.

MR. MONDAK: Q. Have you sold any cotton?

A. No.

MR. FULDOA: Q. Will you tell my friend your
commission on that. From the standpoint of quality,
what do you say about the samples - was it a better
class of material that you have on hand?

A. What do I say of the quality? In what respect?

Q. Of the better class? Are the goods of
good quality? I mean workmanship - have you
any criticism to make of the samples that you have
been sent to sell from the standpoint of workmanship?

A. No.

Q. And as you said you had some twenty years'
experience in business before you become a manu-
facturer's agent? A. I have been in
the manufacturer's agency business all that time.

always in silks and velvets and rayons.

Q. Now, have you got some samples of rayon crepes? A. At my office?

Q. Yes? A. Yes.

Q. And what class does that material belong to - is that of better class material?

A. That is intermediate quality.

Q. What is your price on that? A. They have various prices. From what I remember the first one is 12 cents. Is that your

Q. Is that your lowest price? A. Yes

Q. Is that c.i.f. price? A. Yes sir.

Q. Running up to what? A. Oh, to 63½.

Q. Now, you have your samples in Montreal?

A. Yes.

Q. Do you have more than one set? A. No, one set.

MR. KELLOCK: Well, my Lord, I would like to have these samples produced because the witness says that he cannot sell them on account of price and I would like to ask the witness to produce his samples and prices because we have certain evidence in along that line.

MR. McRUER: You want him to file his working material so that he wont be able to do any business?

MR. KELLOCK: No.

THE COMMISSIONER: Q. Have you any objection to bringing your samples here? A. Can you gave me some assurance I will not be employed here too long?

THE COMMISSIONER: That is another question.

always in silks and velvets and tweeds.

Q. Now, have you got some samples of rayon crepes? A. At my office?

Q. Yes? A. Yes.

Q. Can they [illegible] to - is that of better class material?

A. That is intermediate quality.

Q. What is your price on that? A. We have various prices. Some week I remember the lower one is 12 cents. Is that your

Q. Is that your lowest price? A. Yes.

Q. Is that c.i.f. price? A. Can ask.

Q. Running up to what? A. Up to [illegible].

Q. Now, you have your samples in Montreal.

A. Yes.

Q. Do you have more than one set? A. No. [illegible].

MR. KILLOCK: Well, my Lord, I would like to have these samples produced because the witness says that he cannot sell them on account of price and I would like to ask the witness to produce his samples and prices because we have certain evidence in along that line.

MR. MONDAK: You want him to file his working material so that he won't be able to do any [illegible]?

MR. KILLOCK: [illegible]

THE COURT: [illegible] Have you [illegible] giving your samples here? A. Can you give me some assurance I will not be employed here [illegible]?

THE COURT: That is another question.

You will have to stay here until we get through examining you. I did not ask you that. I mean to say - have you anyobjection from a business point of view to producing your samples with prices?

A. No, I do not see there is any objection.

MR. McRUER: Q. You do not want to leave your samples here? A. No, otherwise I wont have anything to work with.

THE COMMISSIONER: Bring them anyhow and we will see after they are here what will be done.

MR. KELLOCK: We can arrange to have them inspected.

MR. McRUER: Better bring them down as soon as you can.

THE WITNESS: I would have to go up for them. They are in Phillips Square, Canada Cement Bldg.

MR. McRUER: Would not take you more than 15 minutes or just as soon as you can.

THE COMMISSIONER: Suppose you say 2 o'clock.

MR. McRUER: The only thing, if he can bring them within that time--

THE COMMISSIONER: When you finally got him here you may be examining somebody else and he would have to sit and wait. You be here at 2 o'clock.

MR. KELLOCK: Q. The business that you state you had done, does that consist of actual deliveries? A. No, orders taken.

Q. And you said that 70% of your business consisted of the cheaper taffetas - what does the other 30% consist of? A. Taffetas and satin.

Q. And what is the price range there?

You will have to stay here until we get through examining you. I did not ask you that. I mean to say - have you any objection from a business point of view in [illegible] with prisoner

A. No, I do not see there is any objection.

MR. MORGAN: Q. You do not want to leave your people here? A. No, otherwise I won't have anything to work with.

THE COMMISSIONER: Bring them anyhow and we will see after they are here what will be done.

MR. MILLSON: We can arrange to have them re-escorted.

MR. MORGAN: Better bring them down as soon as you can.

THE WITNESS: I would have to go up for them.

[illegible]

MR. MORGAN: Would not take you more than 15 minutes or just as soon as you can.

THE COMMISSIONER: Suppose you say 2 o'clock.

MR. MORGAN: The only thing, if he can bring them with [illegible]

THE COMMISSIONER: When you finally get him here you may be examining somebody else and he would have to sit and wait. You be here at 2 o'clock.

MR. MORGAN: Q. The business that you state you had done, does that consist of actual deliveries? A. No, orders taken.

Q. And you said that 70% of your business consisted of the cheaper beliefs - what does the other 30% consist of? A. Tractors and [illegible].

[illegible]

A. Oh, the low rate. Brocades are much the same price.

Q. Is that brocaded taffeta you mean?

A. Yes.

Q. And the other is satin? A. Yes, 36" satin.

Q. What is the price of that? A. $2.25 per piece c.i.f.

Q. And what does that work down to on a yard basis? A. A fraction under 6 cents. Pardon me, no, 7½ cents.

Q. And where is that - here? A. Yes, c.i.f. here. That is via Panama. I would like to check that price. It may be $2.30, I am not certain.

Q. Of the $9000 worth of business that you state you have done, have you any objection to telling his Lordship here the total amount of your commission on that?

MR. McRUER: Oh,--

MR. KELLOCK: I am asking the witness.

THE COMMISSIONER: No, that is the same sort of a question.

MR. McRUER: Objection to that sort of evidence came from your side.

MR. KELLOCK: I suppose you realize, Mr. Fairchild, that the only way that you can sell, assuming yourproduct is as good as the Canadian product, is on a price basis - would that be a fair way of putting it? A. I would not say that altogether.

Q. What else? A. Well, man may be

A. Oh, the low rate. Brooms are much the same price.

Q. Is that procedure beliefs you great.

A. Yes.

Q. And the other is satin. A. Yes, satin.

Q. What is the price of that? A. $2.00 per dozen i.e.f.

Q. And yet your last week just be a good bargain? A. A fraction under 6 cents.

Q. Yes, Mr. Q Smith.

Q. And where is work - Brief A. Yes, i.f. here. Don't is via Kamura. I would like to check that price. It may be $2.00. I am not certain.

Q. Of the $2000 worth of business that you state you have done, have you any objection to telling his Lordship here the total amount of your commission on that?

MR. ROLO K: Oh,--

MR. ROLOOK: I am asking the witness.

THE COURT STORM: No, what is the same part is a question.

MR. ROLO K: Objection to that sort of evidence came from your side.

MR. ROLOOK: I suppose you realize, Mr. Kirkhill, that the only way that you can call, assuming your product is as good as the Canadian product, if Mr. a Brian Smith - that is a fair way of putting it? A. I could not say.

MAI Attorney:

Q. What else? A. Well, man may be

friendly with buyer and he has advantage over me and I may be friendly with buyer and I have an advantage.

Q. There is limits to that? A. There is many 'ifs' can enter into selling.

Q. Would not you say the main thing is the question of price? A. I think if you ask the buyer that he will be able to tell you better.

Q. Have you any doubt as to what the answer of the buyer will be? A. That is for him to say, not me.

Q. I am asking you - you are going around trying to get business and I am asking you if it is not the fact that the biggest thing that you have to hope to get buyers is the price? A. No doubt the biggest thing. I agree with you that is the biggest thing.

Q. You realize that you are handicapped to some extent by the fact that you are not so close here and it takes some time to fill an order - you realize that? A. Yes.

Q. So that perhaps the main thing, as you have said, that you have got to base your campaign on is the question of price - is that right? A. Yes.

Q. Have you had any discussion between yourself and your principals about establishing any stock here? A. None whatever. Oh, as regards establishing stock - you mean in this market?

Q. Yes? A. Yes, I have discussed

friendly with buyer and be been advantage over me and I may be friendly with buyer and I have an advantage.

Q. Where is limits to that? A. There is many 'ifs' can enter into selling.

Q. Would not you say the main thing is the question of price? A. I think if you ask the buyer what he will be able to sell you house.

Q. Have you any doubt as to what the answer of the buyer will be? A. That is for him to say, not me.

Q. I am asking you - you are going around trying to get business and I am asking you if it is not the fact that the biggest thing that you have to hope to get buyers is the price?

A. No doubt the biggest thing. I agree with you that is the biggest thing.

Q. You realize that you are handicapped to some extent by the fact that you are not so close here and it takes some time to fill an order - you realize that? A. Yes.

Q. If they [illegible] the [illegible] selling, [illegible] will, that you have got to have your [illegible] in the question of price - is that right?

A. Yes.

Q. Have you had any discussion between yourself and your principals about establishing any [illegible] on here? A. None whatever. Q. [illegible] regards selling stock - you mean in this market?

Q. Yes? A. Yes, I have discussed

the question of having a few pieces here for sampling purposes.

Q. Well, I am not speaking of samples? A. No, sampling pieces, not samples.

Q. What would be the object of having that here? A. Just sample pieces for any one so that they can use it for sample purpose quickly. They would cut them up into samples for themselves.

Q. You would be able to sell small quantities immediately? A. No, for them to get out their samples quick.

THE COMMISSIONER: Q. You said for them to get out their samples? A. For customer to get samples out quickly for himself.

Q. These goods would not be used by the customer to re-sell? A. Oh, possibly, yes.

Q. What do you mean? A. For instance, a customer taking up a new line if he has a few pieces to draw from immediately he can issue samples to his travellers and commence selling long before he receives the goods.

Q. Use them as samples? A. Yes.

MR. KELLOCK: Q. Be able to use them as samples while the order is coming from Japan? A. Yes sir.

THE COMMISSIONER: Q. He would buy these pieces from you and make them up, get his own samples? A. Yes, that is the main object.

MR. KELLOCK: Q. Are you arranging to do that? A. I have had a few pieces shipped.

Q. Have you had any other discussion about

the question of having a few pieces here for sampling purposes.

Q. Well, I am not speaking of samples?

A. No, sampling pieces, not samples.

Q. Then would be the object in having that kind of

A. Just sample pieces for my use so that they can use it for sample purposes quickly. They could not then go into samples for themselves.

Q. You would be able to sell small quantities immediately? A. Yes, for them to get out their samples quick.

THE CONSTABLE: Q. You said you went to get out their samples? A. For customer to get samples out quickly for himself.

Q. These pieces could not be used by the customer to re-sell? A. No, possibly, I do.

Q. What do you mean? A. For instance, a customer walking up a new line if he has a few pieces to draw from his factory he can issue samples to his travellers and commence selling long before he receives the goods.

Q. Use them as samples? A. Yes.

MR. [illegible]: Q. He also to use them as samples while the order is coming from [illegible]?

A. Yes sir.

THE CONSTABLE: Q. He could buy these pieces from you and use them up, not his own samples?

A. Yes, that is the main object.

Q. [illegible] in your possession in my hand?

A. I have one of the pieces [illegible].

Q. Only you the only [illegible] above

keeping their stocks here? A. No.

Q. Now, I suppose it is perfectly obvious - perhaps a foolish question - but these samples of the better class materials that you have got, you got them to sell, have not you? A. The samples?

Q. Yes? A. Yes, we have the samples.

Q. And are you going to be content--?

THE COMMISSIONER: You had them to sell?

MR. KELLOCK: That is, he has to sell the goods.

THE COMMISSIONER: Q. Have you the actual samples to sell to other people? A. To sell from.

MR. KELLOCK: Q. And I take it that you are not going to be content simply to sell the cheap rayon taffetas, are you? There is not enough volume in Canada of that class of goods, is there?
A. No, not content.

Q. So that six months from now, if you are still acting for Mitsui, you will have been successful in selling the more expensive lines or else you wont be acting for Mitsui any more - is that the situation? A. Well, that will be for Mitsui to decide whether I am to remain their agent or not.

Q. I am asking you from your standpoint. If you recognize there is not sufficient of a market in Canada for your cheaper rayons, 27" taffetas, that if you are still acting for Mitsui six months from now, it will be because you are selling the better class of material - will that be right?
A. I would not say so.

Q. In other words, if you cannot sell those better class materials it wont be worth while hanging on to the agency, will it?

Keeping their stocks horse? A. No.

Q. Now, I suppose it is perfectly obvious - perhaps a foolish question - but these samples of the better class materials that you have got, you get them on well, aren't you? A. Some samples?

Q. Yes? A. Yes, we have the samples.

Q. And are you going to be content--?

MR. COMMISSIONER: You had them to sell?

MR. WINDSOR: That is, the use to sell the goods.

MR. COMMISSIONER: Q. Have you the moral samples to sell to other people? A. To sell them.

MR. LAMBERT: Q. And I take it that you are not going to be content simply to sell the cheap rayon taffetas, are you? There is not enough volume in Canada of that class of goods, is there?

A. No, not content.

Q. So that six months from now, if you are still selling for Atlas, you will have been successful in selling the more expensive lines or else you want be selling for Atlas any more - is that the situation? A. Well, that will be for Atlas to decide whether I am to remain their agent or not.

Q. I am asking you from your standpoint. If you recognize there is not sufficient of a market in Canada for your cheaper rayons, 2?" taffetas, that if you are still selling for Atlas six months from now, it will be because you are selling the better class of materials - will that be right? A. I would not say so.

Q. [illegible] better class materials it might be worth while bringing on to the agency, will it?

A. I did not say that. I have other representations.

Q. From Mitsui? A. I have other representations. I have given you different names of manufacturers I represent.

Q. I am talking about your Mitsui agency only and I understood you to tell his Lordship in answer to my question that it was not worth while handling agency from what you got out of handling the cheap taffetas only? A. I said I hoped to—

Q. That is not answering my question. I understood you to say that it would not be worth while keeping the agency if all you are selling would be the cheap taffetas? A. No, I did not say that. I tell you plainly as long as I am in the agency business I hope to carry Mitsui's of Japan, whether I may have a lot of business or little.

Q. But if you cannot sell your higher priced material on account of price then I suppose you will go back to your employer with the idea of getting a lower price? A. No.

Q. You wont? A. No.

Q. You will just sit down and keep those samples at prices that you know are not competitive and you wont ask your employer if he will reduce the prices - will that be the situation? A. I never sit down.

Q. Well, the alternative is you will keep on going around with samples that you know that you cannot sell from thestandpoint of prices?

A. No, I will take other samples from other markets, possibly Canadian market.

Q. As far as Mitsui is concerned, that is the

A. I did not say that. I have other representations.

Q. From Hitachi? A. I have other representations. I have given you evidence [illegible]

Q. I am talking about your income agency only and I understood you to tell his Lordship in answer to my question that it was not with the bills receivable agency from what you got out of handling the agency business only? A. I said I meant to—

Q. Just be not answering my question. I understood you to say that it would not be worth while keeping the agency if all you was selling would be the agency business? A. No. I did not say that. I tell you plainly as long as I am in the agency business I hope to carry Hitachi's of Japan, whether I may have a lot of business or little.

Q. But if you cannot sell your larger amount of material on account of price then I suppose you will go back to your employer with the item of selling a lower price?

A. You mean? A. No.

Q. You will not sit down and keep those samples at prices that you know are not competitive and you work as your employer if he will reduce the prices - will that be the alternative? A. I never sit down.

Q. Well, the alternative is you will keep on going around with samples that you know that you cannot sell from manufacturers or [illegible]

A. No, I will have prices coming from Hitachi, prices coming normal.

Q. As far as I can recall, that is the

way you will treat those samples? A. I don't know. Time will only tell me that. I cannot give you an impression today.

BY MR.McRUER:

Q. My friend asked you how much you are able to sell from your Paris firm - what is the name of that? - and you said nothing. You have not been able to sell any rayons or silks? A. No.

Q. They make both rayons and silks? A. Yes.

Q. How is that? A. Well, to be really frank with you, I received their collection of samples last Friday, and they are a high class novelty firm, very high class, novelties only.

Q. And do you think you will be able to sell? A. I doubt it very much.

Q. What is the reason - on account of the duties? A. Well, it is high priced fashionable article.

THE COMMISSIONER: The rate of exchange too must be terrific against you.

MR. McRUER: Q. What about your other firms that you represent? A. Oh, I can do business with C.J. Bonnet of France, real silks.

Q. Are they high priced goods too? A. Well, medium priced.

Q. How much are those? A. And then we have high class linings and facings silks. Facings silks is not made in Canada.

Can you only hand money anyhow? A. I don't know. She will only tell me that. I cannot give you an impression today.

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BY MR. KOU:

Q. My friend asked you how much you are able to sell from your large shop - more in the main of that - and you said nothing. You have not been able to sell any weapons either? A. No.

Q. They make both weapons and silver.

A. Yes.

Q. Now in that? A. Well, to be really frank with you, I received their collection at another last 15 day, and they are a high class novelty line, very high class, novelties only.

10

Q. And do you think you will be able to sell?

A. I doubt it very much.

Q. What is the reason - on account of his duties? A. Well, it is very great financially speaking.

15

THE COURT: Q. The rate of exchange has made it prohibitive, is it? A. Yes.

Q. Well - and very, very cheap line that you represent? A. Oh, I can do business with all kinds of persons, real silver.

20

Q. Are they high priced goods? A. Well, medium priced.

Q. How much are those? A. Not from one hundred dollars to two hundred dollars. Nothing like as cut made in Japan.

25

30

Q. Have you been able to do any business to any extent with thosefirms? A. Yes, C J. Bonnet in the silks.

Q. How much would it amount to altogether? A. I would have to turn my records up. It is hard for me to carry figures in my head.

MR. McRUER: You will come back with those samples at 2 o'clock.

BY MR. KELLOCK:

Q. Did Mitsui have an agent here before you were appointed? A. Yes sir.

Q. How long? A. That I don't knowl

Q. Who was it? A. McCutcheon.

Q. Aside from McCutcheon, have you any knowledge of Mitsui having an agent before you were appointed - either in 1935 or 1936? A. Not that I know of.

(Page 7493 follows)

Q. Have you been able to do any business to any extent with this firm? A. Yes.

C 1. Source in the aides.

Q. How much would it amount to altogether?

A. I would have to turn my records up. It is hard for me to carry figures in my head.

Q. Look up. You will come back with those samples at 2 o'clock.

Q. Did Mikesh have an agent here before you were appointed? A. Yes sir.

Q. How long? A. That I don't know.

Q. You saw it? A. Sometimes.

Q. Aside from reputation, have you any knowledge of Mikesh having an agent before you were appointed - either in Yale or Ibex? A. Not that I know of.

(Exam. TWA Tallman)

CHARLES B. HOWARD, Sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Howard, you are the member of the House of Commons for the Sherbrooke District? A. For the County of Sherbrooke.

Q. For the County of Sherbrooke? A. Yes, sir.

Q. And your name has been entioned in connection with the communications that took place with the Government at the time of the closing of the Rayon Mill in Sherbrooke? A. Yes.

Q. Now, a telegram is referred to in the Order-in-Council setting up this Commission, that is, a telegram from Mr. Deslauriers, the Clerk of the City of Sherbrooke, which reads as follows:

> "Special emergency meeting City Council held to-day strongly ask that your Government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment STOP. Our City unable to cope with alarming situation and request your Government take immediate steps to remedy this condition STOP. City cannot take care of such increased unemployment."

Will you tell us, Mr. Howard, what you know about the whole matter, and what you had to do with it?

Q. Mr. Q and, you are the member of the House of Commons for the Northbrooke District?

A. For the County of Northbrooke.

. For the County of Northbrooke? -. Yes, sir.

. And your name has been mentioned in connection with the communications that took place with the Government at the time of the closing of the Upper Mill in Northbrooke? . Yes.

. Q. A telegram is referred to in the Town-Council setting up this commission, that is, a telegram from Mr. Delaunders, the Clerk of the City of Northrooke, which reads as follows:

"Urgent Government meeting City Council

Hold to-day earnestly ask that your Government intervene immediately over the situation that has developed whereby our largest flat silk industries employing over a thousand hands has suddenly closed down leaving these people without employment NOW. Our city unable to cope with alarming situation and urgent Government has immediate means to remedy this condition NOW. City cannot take care of such increased unemployment."

Will you tell us, Mr. Q, what you did on receipt of this message, and what you did on the 14th day

A. I will be glad to.

Q. Yes; goahead,please. A. A few days before the Textile plant closed in Sherbrooke, I had heard different rumours that at the end of the week the Textile plant was closed. I could hardly believe it, because the rayon section of the Textile mill was their new business in Sherbooke. On Saturday morning I went to my office and I met some of the employees who said, "Well, the rayon mill of the Textile Company has closed." I took the telephone and I called the local Manager --

Q. Who was that? A. Mr. Barrie was the man I spoke to, and he said,"Mr. Howard, I don't want to say anything at all, I prefer you to get in touch with Montreal." I immediately took the telephone and called Mr. Dodd in Montreal. They told me he was not in Montreal but that he was in Toronto. I, therefore, put a call through for Toronto and talked with him at the Royal York Hotel.

Q. Mr. Dodd's position with the company is what? A. Sales Manager.

Q. Sales Manager of the Dominion Textile Company? A. Yes. I asked Mr. Dodds when I could meet him and he said, "I will be back in Montreal on Sunday night and I will meet you Monday morning." I said I couldn't meet him on Monday morning but that I would meet him on Tuesday morning, and he said, "Fine, we will be ready for you."

A. I will be glad to.

Q. Yes; goodbye, please. A. A few days before the Textile plant closed in Sherbrooke, I had heard different rumours that at the end of the week the Textile plant was closed. I could barely believe it, because the Rayon section of the Textile mill was their new bus pass in Sherbrooke. One morning I went to my office and I met some of the employees who said, "Well, the rayon mill of the Textile Company has closed." I took the telephone and I called the local Manager --

Q. Who was that? A. Mr. Bertie was the man I spoke to, and he said, "Mr. Gerard, I don't know a thing at all, I prefer you to get in touch with headquarters." I immediately took the telephone and called Mr. Todd in Montreal. They told me he was not in Montreal but that he was in Toronto.

Q. Wednesday, the 4 - 8th? I talked with him at the Royal York Hotel.

Q. Mr. Todd's position with the company is what? A. Sales manager.

Q. Sales manager of the Dominion Textile Company? A. Yes. I asked Mr. Todd then I could meet him and he said, "I will be back in Montreal on Monday night and I will meet you Monday morning." I said I couldn't meet him on Monday morning but that I could meet him on Tuesday morning. Well he said, "Fine, we will be ready for you."

Now, may I just say there, that I have two interests as Member of Parliament for Sherbrooke. It is perfectly natural that we want to try and keep our employment situation as good as possible and, in order to do so, it is necessary that our manufacturers be prosperous. Before going to Montreal, at 10.10 in the morning, Saturday morning, I received a call from the City Hall asking me if I could go to the City Hall that morning. I did not think at the time that it had any connection with the Textile matter, because I have a lot of other things to do in the City Hall.

BY MR. GEOFFRION: Q. What day was that, please? A. Saturday morning, about 11.15 on the 18th. Anyway, the plant closed on a Friday night and this happened on a Saturday morning.

BY MR. MCRUER: That was the 18th? A. Yes. I walked into the Council room, and the Council were all sitting around the table and they got me a chair at the far end of the table and they said Mr. Howard, I believe you know the plant has closed, or words to that effect, that the Textile plant of the Dominion Textile Company had closed, the rayon end of the business. I said I had heard so and they said Well, what are we going to do about it? Well, I said, I cannot answer that question but I can tell you this, that I have telephoned Mr. Dodd, and talked with him, and I have to meet him on Tuesday morning.

Q. What did Mr. Dodd tell you about the closing of the plant, Mr. Howard?

Now, may I just say there, that I have two interests as member of parliament for Cheerbrooke. It is perfectly natural that I want to try and keep our employment situation as good as possible and, in order to do so, it is necessary that our manufacturers be prosperous.

Before going to Montreal, at 10.10 in the morning, January morning, I received a call from the City Hall asking me if I would go to the City Hall that morning. I did not think at the time that it had any connection with the Textile matter, because I have a lot of other things to do in the City Hall.

Q. Mr. Chairman: What day was that, please?

A. Saturday morning, about 11.15 on the 12th of May, the plant closed on a Friday night and this happened on a Saturday morning.

By Mr. Monkman: Then was the letter? A. Yes. I walked into the Council room, and the Council were all sitting around the table and they got me a chair at the far end of the table and they said Mr. Howard, I believe you know the plant has closed, or words to that effect, that the Textile plant of the Dominion Textile Company had closed, the region and of the business. I said I had heard so and they said Well, what are we going to do about it? Well, I said, I cannot answer that question but I can tell you this, that I have telephoned Mr. Dodd, and talked with him, and I have to meet him on Tuesday morning.

Q. What did Mr. Dodd tell you about the closing of the plant, Mr. Howard?

A. I did not ask him any questions.

THE COMMISSIONER: You mean, over the telephone?

MR. McRUER: Yes, my lord.

Q. Go ahead, Mr. Howard? A. Well, I told the Council what I had done and they said, Well, this is a serious question, and I said, Nobody knows it better than I do; so they said, Well, what are we going to do about it? And I said, Well, after I had seen the Textile people I am going to interview the Government, and they said, Well, how would it be if you were to send a telegram to the Government telling them about the unemployment situation, and, incidentally, ~~as~~ that the city could not take care of any unemployed that had not been resident six months in the city, and, therefore, it was most essential that at least the men whom the Textile people - as well as their families - had brought there from Verdun, should be taken care of immediately. They showed me a copy of the telegram they proposed to send. I read it over and suggested some changes in it. Then one of the Aldermen stated, Well, it is a kind of funny situation if the Government of the country would lower the tariff so as to throw these men out of work. And, being on the opposite side of politics from him, I replied in a political way. I said, Well, this plant employed 260 hands last July. It employed 1060;last night had a drop of 400, and, therefore, there are still 660 working which is better than 260 last July. That closed the political end

A. I did not ask him any questions.

[illegible] Did you, when you [illegible]

Mr. Mahood: Yes, my Lord.

[illegible] Well, I told the Council what I had done and they said, well, this is a serious question, and I said, Nobody knows it better than I do; so they said, well, what are we going to do about it? And I said, well, after I had seen the Textile people I am going to interview the [illegible], and they said, well, how would it be if you were to send a telegram to the Government telling them about the unemployment situation, and, incidentally, as that the city could not take care of any unemployed that had not been resident six months in the city, and, therefore, it was most essential that at least the men whom the Textile people - as well as their families - had brought there from Verdun, should be taken care of immediately. They showed me a copy of the telegram they proposed to send. I read it over and suggested some changes in it. Then one of the Aldermen stated, well, it is a kind of funny situation if the Government of the country would lower the tariff so as to throw these men out of work, and, being on the opposite side of politics from him, I replied in a political way. I said, well, this [illegible] employed 800 dames last July. It employed [illegible] might had a drop of 400, and, therefore, there are still 800 workers which is better than last July. That closed the political end

of the argument. We discussed the thing and they re-wrote the telegram. The greatest ~~an~~ interest was in connection with the families who could not possibly come under the unemployment relief of the City of Sherbrooke, that is, to be able to comply with the unemployed conditions in the City of Sherbrooke. I sat for a few minutes. Mr. Deslauriers wrote the telegram and then brought it over to me after it was typed, and I immediately called his attention to the fact that he was putting in the telegram a thousand when, as a matter of fact, it was only four hundred, and his reply was Well, anyway, you are going to Ottawa to see about the situation, and from the City's standpoint we will make it as tough as we can.

Q. I think Mr. Gordon put it a bit higher than four hundred, too.

MR. GEOFFRION: Not much.

MR. McRUER: Between 500 and 600.

THE WITNESS: I then met Mr. Dodd, and the subject of that conversation is a personal matter. I then went to Ottawa on Tuesday night, and I sat in with most of the Cabinet; I came back to Sherbrooke, and at the end of the week I heard that the Order-in-Council that you have read from was passed.

BY MR. McRUER: Q. Well, why do you say, Mr. Howard, that the subject matter of your conversation with Mr. Dodd was personal? A. Oh, because he gave me possibly some of the inside trade secrets which I would not divulge to anyone.

Q. Inside trade secrets? A. Well, you can call it that.

Q. Well, I don't know, Mr. Howard, how there could be any trade secrets connected with it. I do not know whether anyone has any objection to Mr. Howard giving the evidence. Have you any objection, Mr. Geoffrion?

MR. GEOFFRION: I don'tknow what passed between Mr. Dodd and Mr. Howard. I do not know, at least I have no knowledge of his responsibility.

MR. McRUER: I know, but I think what passed between Mr. Dodd and Mr. Howard could hardly be considered confidential in the sense of the inquiry.

MR. GEOFFRION: I don't know, I am sure, that what passed between Mr.Dodd and Mr. Howard had anything to do with the closing of the mill. He is the selling manager. I do not suppose he knew the reasons for the closing.

BY THE COMMISSIONER: Q. Well, did Mr. Dodd give you any reasons for the closing? A. Yes. He said on account of the competition from Japan.

BY MR. McRUER: Q. It was what he said in regard to competition from Japan that I am particularly anxious to know about. Just how did he put it? A. Well, he said that there were goods coming in here that were responsible for a very serious competition, and they did not dare going on manufacturing in Sherbrooke in those competitive lines. He showed

be any true secrets connected with it. I do not know whether anyone has any objection to Mr. Howard giving the evidence. Have you any objection,

Mr. Smallwood

MR. GRUFFIDES: I don't know what passed between Mr. Hood and Mr. Howard. I do not know, at least I have no knowledge of his responsibility.

Q. Well, I ask, did I make what passed between Mr. Hood and Mr. Howard could hardly be considered confidential in the sense of the inquiry.

MR. GRUFFIDES: I don't know, I am sure, that what passed between Mr. Hood and Mr. Howard had anything to do with the closing of the mill. He is the selling manager. I do not suppose he knew the reasons for the closing.

BY THE COMMISSIONER: Q. Well, now Mr. Howe give you any reasons for the closing? A. Yes. He said on account of the competition from Japan.

BY MR. MORROW: Q. It was what he said in regard to the competition from Japan I am particularly anxious to know about. Just how did he put it? A. Well, he said that there were goods coming in here that were responsible for a surplus supply within, and that it was going to interfere with the quantities to come especially in Japan. He spoke

me what some of their costs were and prices paid, and that the price they were quoted from in Japan was five and a half to six cents a yard under their price.

Q. And was he showing the price and costs of goods produced at Sherbrooke? A. Yes, at Sherbrooke.

Q. Well then, you had your conversation with members of the Government and I will not ask you to tell us about that. That was a Cabinet meeting, was it? A. No, an individual meeting.

Q. And then you came back, and all that took place before the mill opened? A. Yes, that all took place before the mill opened.

Q. When was that, Mr. Howard? A. On Tuesday the 21st.

Q. Tuesday the 21st? A. Yes, at 10 o'clock in the morning.

BY THE COMMISSIONER: Q. Just one point, Mr. Howard: Did Mr. Dodd say anything to you about the probability of re-opening? A. No, sir. We did discuss with Mr. Dodd about the families that had been moved from Verdun, the 70 families, of which 40 had absolutely nothing except their salary that they would earn.

BY MR. McRUER: Q. You brought that to Mr. Dodd's attention? A. Yes. The other 30 families had some means of their own, and, therefore, could stand the shut-down; and Mr. Dodd, at my request,

on what some of their costs were and prices paid, and that the price they were quoted from in Japan was five and a half to six cents a yard under their price.

Q. And was he showing the price and costs of goods produced at Sherbrooke? A. Yes, at Sherbrooke.

Q. Well then, you and your conversation with members of the Government and I will not ask you to tell us about that. That was a Cabinet meeting, was it? A. No, an individual meeting.

Q. And when you came back, and all work took place before the mill opened? A. Yes, that all took place before the mill opened.

Q. When was that, Mr. Howard? A. In January the 21st.

Q. January the 21st? A. Yes, at 10 o'clock in the morning.

BY THE COURT REPORTER: Q. Just one point, Mr. Howard, did Mr. Lord say anything to you about the probability of re-opening? A. No, sir. He did discuss with Mr. Lord about the families that had been moved from Verdun, the 70 families, of which 40 had observedly [illegible] Canal society [illegible].

BY Mr. MONK K.C.: Q. You brought that to Mr. Lord's attention? A. Yes. The other 30 families had some means of their own, and, therefore, could stand the shut-down; and Mr. Lord, at my request,

got in touch over the telephone immediately with his manager in Sherbrooke, and gave instructions to take care of the families whom they had moved there and who could not possibly receive assistance from the City of Sherbrooke.

Q. So that action came as a result of your intercession? A. Well, I cannot answer that.

BY THE COMMISSIONER: Q. Take care of them in what way? A. Well, as to their grocery account, so that they would notstarve.

BY MR. McRUER: Q. Mr. Gordon has told us that the Company did guarantee their accounts, and so on. A. Yes, sir.

Q. But that evidently emanated from a conversation between you and Mr. Dodd? A. Well, immediately I mentioned it to Mr. Dodd, they said they would have to look after that situation, which I believe they did.

CROSS-EXAMINATION BY MR. GEOFFRION:

Q. When did you learn, first, that the mill was to re-open? A. I think on the Saturday following. They were closed six days, and the Tuesday following was a holiday, and they opened on Wednesday morning.

Q. When was it public property in Sherbrooke that the mill was to reopen? A. That the mill was to reopen?

THE COMMISSIONER: That what was public property?

MR. GEOFFRION: That the mill would reopen, my lord.

got in touch over the 'phone immediately with his manager in Sherbrooke, and gave instructions to take care of the families whom they had moved there and who could not possibly receive assistance from the City of Sherbrooke.

Q. Do that action come as a result of your interceasing? A. Well, I cannot answer that.

BY THE COMMISSIONER: Q. Take care of them in what way? A. Well, as to their grocery account, so that they would returnive.

BY MR. MORRIS: Q. Mr. Gordon has told us that the Company did guarantee their accounts, and so on. A. Yes, sir.

Q. But that evidently emanated from a conversation between you and Mr. Hood? A. Well, immediately I mentioned it to Mr. Hood, they said they would have to look after that situation, which I believe they did.

Re-opening of the Mill

Q. When did you learn, first, that the mill was to re-open? A. I think on the Saturday following. They were closed six days, and the Tuesday following was a holiday, and they opened on Wednesday morning.

Q. Then the 12 people affected by the strike that the mill was to reopen? A. That the mill was to be reopened.

THE COMMISSIONER: That was a well-conducted Company.

MR. MORRIS: That the mill would reopen, by that

THE WITNESS: That the mill was to reopen was public property in Sherbrooke on the 24th.

Q. On the 24th? A. Yes, that the mill was to reopen. Well, I cannot answer that definitely. I should think around Saturday the 20th, that I got the news, speaking just off-hndedly, becausethey would have opened, I think, on Monday, and they put it over until Wednesday morning following the holliday.

Q. You did not notify anybody in Ottawa about that, I suppose? A. You mean about the re-opening?

Q. Yes? A. Oh no, no reason to.

BY MR. McRUER: Q. Just a question, Mr. Howard. Do you remember the representative of the Department of Labour going to Sherbrooke? A. He went to Sherbrooke while I was in Ottawa.

Q. Oh yes. So that you went to Ottawa on the 21st? A. I went there on the Tuesda night.

Q. Yes? A. And met the Minister of Finance on Wednesday morning.

Q. So it would be Wednesday, the 22nd? A. Yes.

Q. When you were in conference with the Minister of Finance. And the representative of the Department of Labour went to Sherbrooke the same day? A. Yes, the 22nd, and I think he was there on the 23rd.

Q. Yes. When did you return from Ottawa to Sherbrooke? A. Two days afterwards, on Thursday.

Q. On Thursday? A. Yes, sir.

Q. And did you give anyone any indication of what

Sub-Committee: That the mill was to reopen was publicly announced in Sherbrooke on the 24th.

Q. On the 24th? A. Yes, that the mill was to reopen. Well, I cannot answer that definitely. I should think around about the 20th, that I got the news, speaking just off-hand, because they would have opened, I think, on Monday, and they put it over until Wednesday morning following the holiday.

Q. You did not notify anybody in Ottawa about that, I suppose? A. You mean about the re-opening?

Q. Yes? A. Oh no, no reason to.

By Mr. McPhee: Q. Just a question, Mr. Howard. Do you remember the representative of the Department of Labour going to Sherbrooke? A. He went to Sherbrooke while I was in Ottawa.

Q. Oh yes. So that you went to Ottawa on the Sunday night?

A. I went there on the Tuesday night.

Q. Yes? A. And met the Minister of Finance on Wednesday morning.

Q. So it would be Wednesday, the 22nd? A. Yes.

Q. When you were in conference with the Minister of Finance. Was the representative of the Department of Labour went to Sherbrooke the same day? A. Yes, the 22nd, and I think he was there on the 23rd.

Q. Yes. Was did you return from Ottawa to Sherbrooke? A. Two days afterwards, on Thursday.

By Sub-Committee: Q. Yes, sir.

Q. Did you have anyone any indication of when

the probable course of action was going to be? A. No.

Q. You had no discussion with any of the officers of the Dominion Textile Company about the result of your visit to Ottawa? A. No, I never spoke to any of them since about that.

Q. And the representative from the Department of Labour had been there in the meantime? A. Yes, sir.

MR. McRUER: Thank you, Mr. Howard.

THE COMMISSIONER: Thank you, Mr. Howard.

MR. McRUER: My lord, Mr. Geoffrion wishes to file two or three statements before I go into the next branch.

WALTER A. EVERSFIELD, Recalled,

EXAMINED BY MR. GEOFFRION:

Q. Mr. Eversfield, have you an extract from the minutes of a meeting of the shareholders of the Dominion Textile Company, held on the 17th January, 1905; I think that was not filed.

THE COMMISSIONER: I did not hear the question, Mr. Geoffrion.

MR. GEOFFRION: I am asking him, my lord, for an extract from the minutes of a shareholders' meeting of Dominion Textile Company, held on the 17th January, 1905. Part of it was read but it was not all put in. I would rather have it all in, my lord.

MR. McRUER: That will be Exhibit what, my lord?

THE COMMISSIONER: Exhibit 512.

The Commission: Course of action you going to buy it, so

Q. You had no discussion with any of the officers of the Dominion Textile Company about the benefit of your visit to Ottawa? A. No, I never spoke

5 having at least some idea.

Q. Are you responsible from the statement of labour had been there in the committee? A. Yes, sir.

Mr. Jones: Thank you, Mr. Howard.

The Commissioner: Thank you, Mr. Howard.

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Mr. Jones: My lord, Mr. Montgomery wishes to file two or three statements before I go into the main

15

Mr. Montgomery, Counsel,

Examined by Mr. Montgomery

Q. Mr. Swarfield, have you an extract from the minutes or a notice of the shareholders of the Canadian Textile Company, held on the first January, 1909; I think that was not filed.

The Commissioner: I did not hear the question, Mr. Montgomery.

20

Mr. Montgomery: I am asking the witness if he brought with him the minutes of a meeting of the shareholders of the Canadian Textile Company, held on the first January, 1909. Have you that in the bill you have brought with you? Which did.

25

Q. Have you brought with you the list of shareholders? Which did.

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EXHIBIT 512: Extract from Minutes of Meeting of Shareholders of Dominion Textile Company, Limited, held 27th January, 1905.

MR. GEOFFRION: Part of it has been read, my lord.

THE COMMISSIONER: Are you going to read this, Mr. Geoffrion?

MR. GEOFFRION: I can read it if your lordship pleases?

THE COMMISSIONER: You must have some purpose in putting it in.

MR. GEOFFRION: Yes, my lord. I am dealing with the evidence given about initial capitalization. This part of the Minute was not read in and I want to have it complete. Do you wish me to read it, my lord?

THE COMMISSIONER: We will hear about it later.

MR. GEOFFRION: If my friend refers to that Minute then I want to complete the minute by filing this extract, that is all.

Q. Now, we had evidence this morning, Mr. Eversfield, of an appraisal made by the Canadian Appraisal Company of the Company's fixed assets - land, buildings and machinery, and equipment, in 1920 at $22,918,033.00, leaving out the cents. And, in 1923, following this appraisal, a certain writing off was made. Have you got a statement explaining it? A. Yes, I have a statement here. 1923 is the date.

Q. According to the statement you give me, in 1923, as of the 1st of April, the assets were written

EXHIBIT NO. 1 Extract from Minutes of meeting of shareholders of Dominion Co-Operative Company, Limited, held at Fort Qu'Appelle, Sask., on the [illegible] day of [illegible] 1928.

MR. CONNOLLY: Part of it has been read, my Lord.

H.J. COURT, K.C.: We are going to read this, Mr. Connolly.

MR. CONNOLLY: I am sorry if it is your intention to read it, my Lord.

MR. COURT: You must have long patience in long is law.

MR. CONNOLLY: Yes, my Lord. I am dealing with the evidence given about initial capitalization. This part of the minute was not read in and I want to have it complete. Do you wish me to read it, my Lord?

MR. COURT: We will take above it here.

MR. CONNOLLY: If my friend refers to that minute then I ought to complete the minute by adding the statement, that is all.

In 1927, we had written down the assets of the Company's fixed assets - land, buildings and machinery, and equipment, in the sum of $85,000.00, leaving our the same. And, in 1928, following this meeting, a certain writing off was made. Here we have a statement here. 1928 is the date.

MR. CONNOLLY: Something of the [illegible] in 1928, my Lord, [illegible]

up by $7, 500,000? A. Yes, sir.

Q. Now, according to this statement, you start with Depreciated Value of Land, buildings, and Machinery, 1920 appraisal, $22,918.033? A. Yes.

Q. Then you have, Additions from 1st, April, 1920, to 31st March, 1923, amounting to $1,133,519; leaving off the cents. Is that correct? A. That is correct, sir.

Q. And then you show, Appraisal value plus additions to 31st March, 1923, $24,050,552? A. Yes.

Q. Then you show depreciation written off for 1921, 1922, and 1923, amounting in all to $2,022,281? A. Yes, sir.

Q. Leaving a balance of $22,028,271? A. Yes.

Q. That is correct? A. Yes.

Q. Then you show Book value of land, buildings and machinery, as per balance sheet at 31st March, 1923, $13,003.120. A. Yes.

Q. and then you show Amount of write-up required to bring book figures up to appraisal figures, $9,025,151.? A. Yes.

Q. Then Increase in ledger values, land, buildings and machinery, as of 1st april, 1923, $7,500,000? A. Yes.

Q. Leaving an amount of $1,525,151, being balance available to increase ledger values, of land, buildings and machinery to appraisal figure; that is correct? A. Yes.

Q. Will you please file this statement? A. Yes.

THE COMMISSIONER That will be Exhibit 513.

EXHIBIT 513: Statement giving explanation of write-up of $7,500,000 on lands, buildings, and machinery of Dominion Textile Company Limited.

BY MR. McMURRY: Q. Now, did you prepare a statement showing the ratio of your net earnings to net worth, according to the books, of the Company's assets for the last eleven years? A. Yes, sir.

Q. This is from 1926 down to 1936, inclusive? A. Yes.

Q. The net earnings and the net worth? A. Yes.

Q. Now, the net worth, as I take it, is the book values as established by that appraisal with taxes, less depreciation? A. That is correct, sir.

Q. And then the rest is mere percentage. Will you please, therefore, file this? A. Yes, sir.

THE COMMISSIONER: That will be Exhibit 514.

EXHIBIT 514: Statement showing ratio of net earnings to net worth, 1926 to 1936, Dominion Textile Company.

MR. GEOFFRION:
Q. Then you hand me a statement showing percentage of investment income to earnings and dividends paid? A. Yes, sir.

Q. And that is for eleven years, 1926, to 1936, inclusive? A. Yes, sir.

. This statement sub-divides the revenue between the trade profits and and investment income? A. Yes, sir.

Q. The first column is Net Trading Profits? A. Yes, sir.

Q. And the other is Investment Income? A. Yes.

Q. And the third column is the mere addition of the two previous columns? A. Yes, sir, the addition of the two, showing the total.

Q. And the fourth column is percentage and investment income to total earnings? A. Yes, sir.

Q. And the last column shows percentage of investment income to dividends paid? A. Exactly.

THE COMMISSIONER: That will be Exhibit 515.

EXHIBIT 515: Statement showing percentage of investment income to earnings and dividends paid, 1926 to 1936, Dominion Textile Company.

MR. GEOFFRION: That is all, thank you.

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CROSS-EXAMINATION BY MR. McRUER:

Q. You have not got an extra copy of this Exhibit, have you? A. No, I have not, Mr. McRuer.

Q. Well, we can probably have some extra copies prepared.

Q. The figures that you have in this statement for the book value of lands, buildings and machinery, per balance sheet dated 31st March, 1923, is $13,000,000 odd? A. Yes.

MR. McRUER: That is Exhibit 513, my lord.

THE COMMISSIONER: Yes.

BY MR. McRUER: Q. That would be the value with the depreciation that took place from year to year since the incorporation of the Company in 1905. A. Yes, the net value is shown as of that date.

Q. And the other is Investment Income? A. Yes.

Q. And the third column is the mere addition of the two previous columns? A. Yes, sir, the audit or the two, adding the total.

Q. And the fourth column is percentage and ratio of income to total earnings? A. Yes, sir.

Q. And the last column shows percentage of investment income to dividends paid? A. Exactly.

THE ADMIN. I. ADM: That will be exhibit 216.

Exhibit 216: Statement showing percentage of investment income to earnings and dividends paid, 1933 to 1936, Dominion Textile Company.

MR. GOODFELLOW: That is all, thank you.

CROSS-EXAMINATION BY MR. MOLSON:

Q. You have not got an extra copy of this exhibit, have you? A. No, I have not, sir, unfortunately.

Q. Well, we can get it. I may have some extra copies here.

Q. The figures that you have in this statement for the book value of lands, buildings and machinery, per balance sheet dated 31st March, 1936, is $10,[illegible] only? A. Yes.

MR. MOLSON: That is Exhibit 216, my lord.

HIS LORDSHIP: Yes.

BY MR. MOLSON: Q. That would be the value with the depreciation and long plant item, if I may assume the correctness of the company's book. A. Yes, the net value is same as it was then.

Q. Yes. First of all, you start off with the figures that were taken into the balance sheet in 1905, that is right? A. Yes.

Q. Then you would take in the capital cost that was added to the machinery or the buildings? A. Yes.

Q. And add it on? A. Yes.

Q. And then you would depreciate it according to the depreciation that was taken off in the books? A. Yes.

Q. Now, will you please have a statement made up showing the cost at which they were taken into the books in 1905, the additions that were made to capital account, and the depreciation that was written off each year up until wecome to this figure? Q. Showing the writing up of that figure over a period of years.

Q. Yes, the make-up of this $13,003.120? A. Yes.

Q. Then you might also give us a statement that would show the expenditures for the repairs and the equipment? A. Yes.

Q. In addition to the capital expenditures? A. Yes.

Q. For the entire period down to date? A. Yes.

Q. So that we will have the figure of what is charged to repairs and equipment, what is charged to capital expenditure, and depreciation? A. Yes.

Q. And that will give us the complete picture? A. Yes.

THE COMMISSIONER: That would be a separate exhibit,

Q. Yes. First of all, you start out with the figures that were taken into the balance sheet in 1905, does this is right? A. Yes.

Q. Then you would have in the capital cost that was added to the machinery or the building? A. Yes.

Q. And add it out? A. Yes.

Q. And then you would depreciate it according to the depreciation that was taken out in the booklet?

A. Yes.

Q. Now, will you please have a statement made up showing the cost at which they were taken into the books in 1905, the additions that were made to capital account, and the depreciation that was written off each year up until become to this figure? Should the writing up of that figure over a period of years.

A. Yes, the make-up of this $13,000.1 ?? A. Yes.

Q. Then you might also give us a statement that would show the expenditures for the repairs and the equipment? A. Yes.

Q. In addition to the capital expenditures?

A. Yes.

Q. For the entire period down to date? A. Yes.

Q. So that we will have the figure of what is charged to repairs and equipment, what is charged to capital expenditure, and depreciation? A. Yes.

Q. And that will give us the available picture?

A. Yes.

[illegible]: That would be a separate exhibit.

Mr. McRuer?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Well, I will give it a number now. That will be Exhibit 516.

EXHIBIT 516: Statement to be filed by Dominion Textile Company.

MR. McRUER: All right, thanks, Mr. Eversfield,

--

G. BLAIR GORDON, Recalled,

EXAMINED BY MR. GEOFFRION:

Q. Mr. Gordon, you have prepared, I understand, a statement showing an analysis of profit and loss, for eleven years, and showing the earnings from manufacturing and trading available for dividends? A. Yes.

Q. Have you got copies of this statement, Mr.Gordon? A. Yes. This shows the value of sales each year, and the total income, and the breakdown shows the money that we took in from those sales went to, or where expresses the expenses of that year in relation to the sales.

Q. You work backwards, Mr. Gordon? A. The last year is on top; it is for eleven years, starting with March, 1926, and you read from right to left.

MR. McRUER: You are suggesting that you will have these filled out before we are through, Mr. Geoffrion, are you?.

Q. Yes?

MR. MORDEN: Yes, my lord.

THE COMMISSIONER: Well, I will give it a number now.

THE CLERK OF COURT: Exhibit 21.

EXHIBIT 21: Statement to be filed by Textile Company.

Q. Well, all right, Mr. Overfield.

--

Q. Mr. Gordon's Testimony.

EXAMINED BY MR. OVERFIELD:

Q. Mr. Gordon, you have prepared, I understand, a statement showing an analysis of profit and loss for eleven years, and showing the earnings from manufacturing and trading available for dividends?

A. Yes.

Q. Have you got copies of this statement, Mr. Gordon?

A. Yes. This shows the value of sales each year, and the total income, and the breakdown shows the money that we took in from those sales each year, or expresses the expense of that year in relation to the sales.

Q. You work backwards, Mr. Gordon? A. The last year is on top; it is for eleven years, starting with March, 1926, and you read from right to left.

MR. MORDEN: You are suggesting that you will have these filled out before we are through, Mr. Overfield, are you?

THE WITNESS: You read from left to right, across the page.

BY MR. GEOFFRION: Q. What are you saying, Mr. Gordon? A. I am just saying, to follow these you have to read from right to left. The first year is 1926, that is at the right hand side of the bottom sheet. And then you go from right to left across 1927, 1928, 1929, 1930, and then you go to the second sheet and take 1931, 1932, 1933, 1934 and 1935. And the last year, the year we have just completed, 31st of March, this year, is on the top sheet. As I say, the figures show where the money goes, how much we spent on raw cotton, how much on salaries and wages, how much on other types of manufacturing expense, and depreciation.

Q. All the headings down to the second last are fairly clear? A. Yes, and it breaks it downto the net figure which is left, that is, after the other items of expense which are listed above, and, of course, the total checked up to 100 per cent. income.

Q. Now, you have got an appendix, following that, the last page of all? A. Yes. Well, we made that up after we had drawn up the first set of figures; we considered that perhaps some of the provision for income tax, as shown on the other sheets, should more properly have been charged against income for investments. The appendix is an analysis of,-- or rather this shows the amount of income tax applicable to manufacturing and trading operations, - correcting

The reporter. You read from left to right, across the page.

MR. ROOT. Yes. Well are you ready, Mr. Reporter? I am just ready, to follow from you have to read from right to left. The first year is 1889, then is at the right hand side of the ordinal sheet. And the year as from right to left across 1897, 1898, 1899, and then you go to the second sheet and then 1901, 1902, 1903, 1904 and 1905. And the last year, the year we have just completed, 1906 of course, this year, is on the top sheet. I say, the figures show where the money goes, for such as goes on the section, for such on rights-of-way and roads, for such on other types of manufacturing expense, and depreciation.

Q. All the readings down to the second line are merely about? A. Yes, and it brings it down to the net figure which is left, that is, after the other items of expense which are listed above, and, of course, the total deducted up to the per cent. income.

Q. [illegible] the last page of all? A. Yes. Well, we have that up after we has drawn up the first set of figures; we considered that perhaps some of the [illegible]

the net earnings by eliminating income tax from interest on investments, and using the tax paid for each year instead of the amount reserved out of profits. For instance, in the year 1936, net earnings from manufacturing and trading available for dividends, is shown as 3.63 per cent. That is shown on the back sheet, the appendix as 3.78 per cent.

BY MR. McRUER: Q. Your income from investments is not dealt with in this exhibit at all? A. No, Mr. McRuer. As I say, that is shown as 3.63, net earnings from manufacturing and trading, available for dividends, year ended 31st March, 1936 but in the appendix that is shown as 3.78 per cent., after eliminating income tax on interest on investments, as stated in the appendix. The appendix shows the amount of income tax applicable to manufacturing and trading operations. It is all set forth in the appendix there, and it gives the corrected figure of 3.78 per cent. for 1936.

Q. Well, could you not give us a statement which would cover your income from business, in the same period? A. Yes.

Q. Then we would have the complete income? A. Yes, I have a similar statement to that.

Q. That is all income from investments? A. For the whole period.

Q. Yes, for the 11 years, as shown in the other statement. If you were to cover it in there, all right.

the net earnings by eliminating income tax from interest on investments, and using the tax paid for each year instead of the amount reserved out of profits. For instance, in the year 1956, net earnings from manufacturing and trading available for dividends, is shown as 3.63 per cent. That is shown on the balance sheet, the appendix as 3.78 per cent.

Mr. Monier: Your income from investments is not dealt with in this exhibit at all?

Mr. Monier. As I say, that is shown as 3.63, net earnings from manufacturing and trading, available for dividends, year ended last March, 1956 but in the appendix that is shown as 3.78 per cent, after eliminating income tax on interest on investments, as stated in the appendix. The appendix shows the amount of income tax applicable to manufacturing and trading operations. It is all set forth in the appendix there, and it gives the corrected figure of 3.78 per cent. for 1956.

Mr. Mac, could you not give us a statement which would cover your income from business, in the same manner?

Mr. Yes.

Then we would have the complete income?

Yes, I have a similar statement to that.

That is all income from investments? Yes.

Yes, for the 11 years, as shown in the other statement. If you were to cover it in there, all right.

MR. GEOFFRION: In other words, you would like to have a similar statement, showing income from investments.

MR. McRUER: Yes, for the same period.

BY MR. GEOFFRION: Q. In this appendix, Mr. Gordon, do you divide the income tax between the two sources of revenue pro rata; is that the way you proceed? A. No. My understanding is, Mr. Geoffrion, that it is divided pro rata. It is all the one figure, and it is a question whether we should do it that way or not, because undoubtedly income from investments cannot be re-taxed the second time; but to leave no ground for any criticism, we set it up in this way. However, I do not know that it should be set up that way or not. You see, you get so much money into the company.

Q. But part of your income from investments would be taxable and part not? A. Well, none of it is directly taxable, sir. It is only taxable insofar as it creates a profit for the Dominion Textile Company.

BY MR. McRUER: Q. If your company did not do any manufacturing and yet it showed a profit from those investments? A. Well, if it showed a profit to the Dominion Textile Company, I suppose we might have it all invested and yet the company pay no profits.

BY THE COMMISSIONER: Q. I suppose you are quite right in saying that part of your income would be from investments? A. In this case, my lord, we treat it as being all taxable.

MR. CHAIRMAN: In other words, you would like to [illegible] [illegible]

MR. [illegible]: Yes, for the same period.

BY MR. [illegible]: In this opinion, Mr. [illegible], do you divide the income tax between the two sources of revenue pro rata; is that the way you proceed? A. No. My understanding is, Mr. [illegible], that it is divided pro rata. It is all the one figure, and it is a question whether we should do it that way or not, because undoubtedly income from investments cannot be re-taxed the second time, but to leave no grounds for any criticism, we set it up in this way. However, I do not know that it should be set up that way or not. You see, you get so much money into the company.

[illegible] part of your income from investments would [illegible] [illegible], none of it is [illegible] [illegible]

BY MR. [illegible]: A. If your company did not do any [illegible] [illegible] investment [illegible] [illegible] the [illegible] [illegible]. I [illegible] [illegible] [illegible] [illegible] it all [illegible] and yet the company has no profits.

BY MR. [illegible]: A. I [illegible] [illegible] [illegible] [illegible] part of your income would be from investments? A. In this case, my lord, we treat it as being all income.

BY MR. GEOFFRION: Q. That is, for the purpose of this statement you treat it as all taxable?

A. Yes.

THE COMMISSIONER: Before you proceed, Mr. Geoffrion, I understand Mr. McRuer is asking for some further statement.

MR. GEOFFRION: Yes, my lord. He wants a statement of the revenue from investments and the income tax charge.

THE COMMISSIONER: I will take note of that now. That will be Exhibit 517.

MR. GEOFFRION: Well, this one has not been filed, my lord.

THE COMMISSIONER: Well, that will be Exhibit 517, and the other will be 518.

EXHIBIT 517: Analysis of Profit and Loss Statements, Dominion Textile Co. Ltd.

BY MR. GEOFFRION: Q. And you will file, as Exhibit 518, the statement requested by Mr. McRuer showing your revenue from investments and income tax charged on the same basis, against other revenue?

A. Yes.

EXHIBIT 518: Statement showing income from investments, etc. Dominion Textile Company. (To be filed).

BY MR. MCRUER: Q. Mr. Gordon, have you any bonds that are income tax free in your investments?

A. I don't know whether we still have or not, Mr. McRuer. We did have some. Mr. Eversfield might be able to tell.

BY MR. GROSSMITH: Q. That is, for the purpose of this statement you treat it as all taxable?

A. Yes.

[illegible] Before you [illegible], Mr. Geoffrion, I understand Mr. Kohner is asking for some further evidence.

MR. GEOFFRION: Yes, my Lord. We want a statement of the revenue from investments and the income tax [illegible].

THE COMMISSIONER: I will take note of that now. That will be Exhibit 317.

MR. GEOFFRION: Well, this one has not been filed, my Lord.

THE COMMISSIONER: Well, [illegible] and the other will be 318.

EXHIBIT 317: Analysis of profit and loss statements, Dominion Textile Co. Ltd.

MR. GEOFFRION: [illegible] exhibit 318, the statement requested by Mr. Kohner showing your revenue from investments and income tax charged on the same basis, equitable owner revenue?

A. Yes.

EXHIBIT 318: Statement showing income from investments, etc., [illegible] Company. (See Ex. [illegible]).

BY MR. GROSSMITH: Q. Mr. Gordon, have you any bonds that are income tax free in your investment?

A. I don't [illegible] I will have to look, Mr. [illegible] Lordship, as I did some [illegible], Mr. [illegible] [illegible] to tell.

MR. EVERSFIELD: Yes. Certain of that revenue is dividends on which we do not have to pay tax.

MR. GEOFFRION: Bonds?

MR. EVERSFIELD: Dominion Government bonds;there are no tax-free Dominion bonds.

MR. GEOFFRION: In your appendix you made another correction, as I understand it, because I read a note there saying that in this appendix you show the tax actually paid? A. Yes. That makes a further slight addition. For instance, we set up $190,000 and only used $182,000.

Q. Well, is it approximately the same? A. It varies from year to year. Some years we guess more correctly than others, as to what it is going to be. You see, it is set out here in this table exactly, almost. In the year 1936 we reserved $182,000 and we paid out $190,000. It is all shown.

BY MR. McRUER: Q. Well, that should show exactly what you paid; that is an exact statement of operating results? A. Yes.

BY MR. GEOFFRION: Q. Now, I understand you have prepared another statement showing your salaries and wages paid for the years 1930 to 1936? A. Yes.

THE COMMISSIONER: That will be Exhibit 519.

EXHIBIT 519: Statement re salaries and wages paid 1930 to 1936, inclusive.

BY MR. GEOFFRION: Q. You divide your salaries between executives, administration and selling, mill salaries and wages? A. Yes.

Q. How do you divide this up, Mr. Gordon?

A. The first six columns deal with the manufacturing angle apart from selling altogether. It shows the percentage of money that goes into the mill wages, and then it shows the balance divided between executives' salaries, other headoffice administrative salaries, mill salaries, and then the total of those first three groups plus the percentage of wages gives one hundred per cent. of our monies spent on wages apart from selling. Then we bring in the selling department and express the salaries or wages whichever you like to call it, in that department, as a ratio to the total, including the selling department.

MR. GEOFFRION: Well, that will be Exhibit number what, my lord?

THE COMMISSIONER: Exhibit 519.

EXHIBIT 519: Statement showing salaries and wages paid for 7 years, 1930 to 1936 inclusive.

THE WITNESS: Our purpose in doing that was to compare with other companies.

BY MR. McRUER: Q. Well, could you give us a statement similar to this, Mr. Gordon, showing a ten-year period, or showing an 11-year period. I think your other statements were for 11-year periods. If we could have it for an 11-year period, and also have the number of employees --

A. Well, we have something on that, perhaps, in a later exhibit here.

Q. For the same period, - I would like to have

Q. How do you divide this up? Mr. Gordon?

A. The first six columns deal with the merchandising side from mill-to-wholesaler. It shows the percentage of money that goes into the mill wages, and then it shows the balance divided between executives' salaries, other headoffice administrative salaries, mill salaries, and then the total of those first three groups plus the percentage of wages gives one hundred per cent. So our salaries depart on wages apart from selling. When we bring in the selling department and express the salaries or wages whichever you like to call it, in that department, as a ratio to the total, including the selling department.

MR. GORDON: Well, that will be Exhibit number what, my lord?

THE COMMISSIONER: Exhibit 312.

EXHIBIT 312: Statement showing salaries and wages paid for 7 years, from to inclusive.

THE WITNESS: Our purpose in doing that was to compare with other companies.

BY MR. MORDEN: Q. Well, could you give us a statement similar to this, Mr. Gordon, showing a ten-year period, or showing an 11-year period. I think [illegible]. If we could have it for an 11-year period, and also have the number of employees --

A. Well, we have something on that, perhaps, in a later exhibit here.

Q. For the same period, - I would like to have

the number of employees for the same period.

THE COMMISSIONER: That is, the 11-year period?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: If that is coming forward, I will make it Exhibit 520.

EXHIBIT 520: Statement re salaries and wages, Dominion Textile Company (To be filed).

BY MR. GEOFFRION: Q. You prepared, I understand, and will you please Exhibit and file as 521, an analysis of salaries and wages; that also is for 7 years, showing percentage of decline in salary groups and mill wages? A. Yes.

EXHIBIT 521: Memorandum re salaries and wages. 4th May, 1936, replacing similar memorandum 7th Feb. 1936.

THE WITNESS: This gives some of the figures Mr. McRUER was asking for, although I am afraid it does not go back as far as he wants it; but we will add on the extra years. This, for example, shows the number of people concerned in each group, and the total amount of money paid out to them in each one of these seven years.

BY THE COMMISSIONER: Q. Do those two go together? A. Yes, that is a comment on it, my lord; it is an explanation. I do not know whether I can read it or whether you justwish me to file it.

THE COMMISSIONER: Just file it. That will go in as part of Exhibit 521.

THE WITNESS: There is just one other point. The year 1930 has been treated as the base year ~~of~~ and the

the number of employees for the same period.

THE COURT REPORTER: Does the 11-year analysis

MR. [illegible]: Yes, we have.

THE CHAIRMAN: If that is coming forward, I will make it Exhibit 320.

EXHIBIT 320: Statement re salaries and wages, Dominion Textile Company (To be filed).

BY MR. [illegible]: Q. You prepared, I understand, and will you please exhibit and file as 321, an analysis of salaries and wages; that also is for 7 years, showing percentage of decline in salary groups and mill wages? A. Yes.

EXHIBIT 321: Memorandum re salaries and wages, 8th May, 1958, replacing similar memorandum 7th Feb. 1958.

THE [illegible]: Includes some of the figures [illegible] on the extra years. This, for example, shows the number of people concerned in each group, and the total amount of money paid out to them in each one of these seven years.

BY THE CHAIRMAN: Q. Do those two go together? A. Yes, that is a comment on it, my lord; it is an explanation. I do not know whether I can read it or whether you prefer me to file it.

[illegible] it. They will go together.

[illegible] at one other point. The [illegible] as the [illegible]

average amount paid to the individual in each group has been taken as 100 per cent., and then the average of each group in the succeeding years has been expressed in ratio to that base year. It shows that the executive group, which consists of 11 people, have a decline of 35.4 per cent. from the base year--

BY MR. McRUER: Q. What was the base year taken? A. 1930, Mr. McRuer.

BY MR. GEOFFRION: Q. For the purpose of percentage you have taken 1930 as 100 per cent.? A. Yes. The next group, head office, administration and selling, have a decline of 5.28 per cent.; mill salaries group have a decline of 17.38 per cent. and the total of all salaries have declined 16.76 per cent. per individual, and mill wages per individual have declined 1.59 per cent.

Q. Mr. Gordon, under the heading of mill wages --

BY THE COMMISSIONER: Q. Are those the number of actual employees? A. No, my lord. Those are equivalent numbers, so as you divide that into the wages you get the average full time earnings, that is, if they had worked full time.

BY MR. McRUER: Q. How is it, Mr. Gordon, that in 1933 when there was a general reduction in wages this statement purports to show that they increased? A. No, Mr. McRuer. Those figures are for the fiscal year in each case, of 31st March. The first year there is a reduction is the fiscal year ended

average amount paid to the individual in each group has been taken as 100 per cent., and then the average of each group in the succeeding years has been expressed in Table 6 this same year. It shows that the executive group, which consists of 11 people, have a decline of 10.4 per cent. from the base year--

BY MR. SCOTT: Q. What was the base year there? A. 1929, my Lord.

BY MR. CAMPBELL: Q. For the purpose of comparison you have taken that as 100 per cent.? A. Yes. The next group, head office, mill salaried and selling, have a decline of 4.6 per cent.; mill salaries group have a decline of 17.55 per cent. and the total of all salaries have declined 10.73 per cent. per individual, and mill wages per individual have declined 1.30 per cent.

Mr. Scott, under the heading of mill wages --

BY THE COURT: Q. Are those the number of actual employees? A. No, my Lord. Those are equivalent numbers, so as you divide that into the wages you get the average full time earnings, that is, if they had worked full time.

BY MR. SCOTT: Q. Now is it, Mr. Gordon, that in 1933 then there was a general wage cut in wages [illegible]

A. [illegible] These figures [illegible]

[illegible]

[illegible]

March 31st, 1934.

Q. Now, does this statement not show that the employees increased their earnings? A. No, Mr. McRuer, it is showing them as having worked full time in each case; it does not make any difference what they actually work.

Q. Oh, yes, it would, if an employee turned out more pieces -- A. Oh, yes.

Q. --in one year than he did in another? A. Quite right. It will be noted , in this statement, that while total salaries declined 12.04 per cent. that is, to the year ended 31stMarch, 1933, mill wages, calculated on the full-time basis, increased by 2.66 per cent. over the same period, whereas in the year ended 31st, March, 1934, a reduction of 7.67 per cent. in mill wages from the year 1929-1930 is noted. This was the result of a reduction made in basic rates of mill wages. It is also to be noted, that in the year ended 31st, March, 1936, to al average salaries had declined by 16.76 per cent. against the decline of mill wages of 1,59 per cent., or a difference of 15.17 per cent., against the item for total salaries.

Q. In other words, you say that the decrease that had been made in mill wages is very much less than in the case of the other which you have mentioned? A. That is right.

Q. It is all explained, however, in this memorandum

March 31st, 1937.

Q. Now, does this statement not show the total employment increased daily earnings -- Q. No.

Answer, it is showing them as having worked full time in each case; it does not make any difference what they actually work.

Q. Oh, yes, it would, if an employee turned out more pieces --

A. Oh, yes.

Q. --in one year than he did in another?

A. Quite right. It will be noted, in this statement that while total salaries declined 14.04 per cent, that is, to the year ended September, 1933, mill wages calculated on the full-time basis, increased by 2.00 per cent, over the same period, whereas in the year ended July, March, 1934, a reduction of 7.87 per cent in mill wages from the year 1929-1930 is noted. This was the result of a reduction made in basic rates of mill wages. It is also to be noted, that in the year ended July, March, 1935, to al averra salaries had declined by 16.76 per cent, against the decline of mill wages of 1.35 per cent, or a difference of 15.17 per cent, against the item for total salaries.

Q. In other words, you say that the decrease that had been made in mill wages is very much less than in the case of the other which you have mentioned, eh?

A. That is right.

Q. It is all explained, however, in this statement

A. Yes, that is right.

MR. McRUER: I think if we could get this as far back as 1926, it would then cover the same period as the other statement, my lord.

Q. Could that be done, Mr. Gordon? A. Yes, Mr. McRuer.

THE COMMISSIONER: That is Exhibit 521.

MR. McRUER: Yes, my lord.

THE COMMISSIONER: You want it extended back, covering the 11-year period?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Well, when that comes in that will be Exhibit 522.

EXHIBIT 522: Statement re salaries, etc., Dominion Textile Company, to be filed.

THE WITNESS: You wish that with 1930 as a base year, Mr. McRuer?

MR. McRUER: Yes, and express the other years in percentages.

THE WITNESS: In relation to 1930, yes.

The only thing I would like to point out in connection with the comment attached, is the fact, that even after making drastic reductions in the salary group between the years 1930 and 1933 we had not done very much to bring down the total of salaries and wages, and whatever in 1933 we had to make that cut in wages, of course, was immediately reflected in the total figure. In 1936 the cut in salaries

Q. Yes, that is right.

Mr. Gordon: I think if we could get this on for 10 o'clock, it would then cover the same ground as the other witnesses, my lord.

Court: Can it be done, Mr. Gordon? A. Yes, Mr. Gordon.

Mr. Gordon: Have in Exhibit 3?

A. Exhibit 3, my lord.

Mr. Gordon: You need it approved book, according the Ukrainian Society.

A. Exhibit 3, my lord.

The Court: Well, then that concludes that, is Exhibit 3?

Mr. Gordon: Exhibit 3 is approved book, Doctor Kyslia Gordon, to be filed.

Mr. Gordon: You have this with you, Dr. Kosar, Mr. Kosar?

A. Yes, I have it, and change the order in Portuguese.

Mr. Gordon: In Portuguese in 1949.

The only thing a month from the date of connection with the Ukrainian Society, in the form, [illegible] Society between the [illegible] and also the [illegible] very much to bring down the [illegible] and wages, and whatever is left we had to move that out in wages, of course, was immediately affected in the Ukrainian. [illegible]

of head office executives amounted to 33.04 per cent. whereas the production in mill wages, for the same year, was only 1.59 per cent.

BY MR. GEOFFRION: In other words, when you cut the salaries of a class that is not numerous you do not save much money? A. They are not a very big percentage of the total.

Q. Well, that is mathematical. A. Yes.

BY MR. McPUET: Q. You have attached the memorandum? A. Yes.

BY MR. GEOFFRION: Q. And you have also prepared a memorandum showing personnel included in analysis of salaries and wages paid for 7 years ended 31st March, 1936, which you have just filed as 521? A. Yes. It does not give the names but it gives the position covered in detail throughout the company.

Q. It simply shows the different groups? A. Yes, each group; it breaks down the mill salary group, and so forth.

Q. That is, it breaks down the headings, in other words, contained in Exhibit 521. A. Yes.

THE COMMISSIONER: That ought to be attached to Exhibit 521.

MR. GEOFFRION: Yes, my lord. This is a breakdown of the headings, shown in headings of Exhibit 521.

THE COMMISSIONER: Yes, we will annex it to Exhibit 521.

THE WITNESS: That is all I have.

of head office executives amounted to 30.04 per cent whereas the production in mill wages, for the same year, was only 1.39 per cent.

BY MR. GROSSMAN: In other words, when you cut the salaries of a class that is not numerous you do not save much money? A. They are not a very big percentage of the total.

Q. Well, then it becomes relative. A. Yes.

BY M. MORRIS: Q. You have attached the memorandum? A. Yes.

BY MR. GROSSMAN: Q. And you have also prepared a memorandum showing personnel included in analysis of salaries and wages paid for 7 years ended 31st March, 1930, which you have just filed as well? A. Yes. It does not give the names but it gives the position covered in detail throughout the company? A. It simply shows the different groups?

A. Yes, each group; it breaks down the mill salaries, and so forth.

Q. That is, it breaks down the heading, or at least varies, [illegible] A. Yes.

THE COURT REPORTER: Just count to be attached to [illegible].

MR. GROSSMAN: Yes, my lord. This is a breakdown of the headings, shown in bookings of [illegible].

THE COURT REPORTER: Yes, we will number it to [illegible].

THE WITNESS: That is all I have.

THE COMMISSIONER: Have we anything more for this afternoon, Mr. McRuer?

MR. McRUER: Yes, Mr. Hooper will be putting in a few more statements this afternoon, and I intend calling Mr. Fairchild.

THE COMMISSIONER: We will come back at 2 o'clock, then.

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-- The Commission adjourned at 12.40 p.m. to resume at 2 p.m.

(Page 7522 follows)

AFTERNOON SESSION

// The Commission resumed at 2 p.m.

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CHARLES FAIRCHILD, recalled,

BY MR. McRUER: Q. Have you got your samples?

A. Yes.

BY MR. KELLOCK: Q. I asked you, Mr. Fairchild, if you would cut off from your original samples a sample of each sample and attach to it the number of the cloth, that is, the manufacturer's number, the width, the weight and the price. Now, taking this one which I hold in my hand, this is a 36 inch rayon crepe satin, fancy. The weight is 17 pounds -- what is that? A. 17 pounds per 50 yards.

Q. Per 50 yards and the price is C.I.F. 21-3/4¢. That is per yard? A. Per yard.

Q. Now, you have not put on here the number of the cloth? A. No, are you needing the numbers?

Q. I want that number particularly. Can you add that to each one of these and put it in?

MR. McRUER: What is it, the number?

MR. KELLOCK: The number identifies the cloth; that is right, Mr. Fairchild? A. Yes.

BY MR. McRUER: Q. Have you the numbers here? A. No, sir, I haven't my numbers with me.

MR. KELLOCK: These had better be put in as one exhibit, my lord.

THE COMMISSIONER: Yes, put them in as one exhibit, samples of Japanese rayon produced by Mr.

A. Yes.

Q. Mr. Chairman: Q. I asked you, Mr. Tuderdalf, if you would not if there were original samples of such goods and if not, if the owner of the goods, then in, the manufacturer, handed the cloth, the weights and the price. Now, taking only one which I hold in my hand, this is a 32 inch square cotton, 72x68. The weight is 17 ounces -- are it is that?

A. 17 ounces per 36 yards.

Q. Per 36 yards and the price is C.I.F. Kingston, Ont. is per yard?

A. Per yard.

Q. But, you have not put on here the number of the cloth?

A. No, are you speaking the same

Q. I ask that to each one of these and put it in?

Mr. Mollet: Then is this numbered?

Mr. Kellock: The number identifying the cloth; that is right, Mr. Tuderdalf?

A. Yes.

By Mr. Mollet: Q. Have you the numbers here?

A. No, sir. I haven't my stock cards here.

Mr. Kellock: Then you believe it and it is an accurate, is it?

A. Yes.

Mr. Mollet: Q. Are these samples, Mr. Tuderdalf, of the cloth you sell?

Fairchild, number ~~X~~ 52B.

EXHIBIT NO. 52B: Samples of Japanese Rayon.

BY MR. KELLOCK: 24 samples; then, you will add the cloth numbers to these and return them to Mr. Whiteley; when can you do that? A. Will to-morrow morning be early enough?

SECRETARY WHITELEY: He had better mail them to Ottawa. I will give him the address.

BY MR. KELLOCK: Q. Mail them to Mr. Whiteley at Ottawa. He will give you the address. Are these all the samples that have been sent to you for sale? A. No, not all.

Q. What about the rest of them? A. A matter of possibly one quality will have four or five designs, possibly ten designs and it will be still the same quality.

BY MR. McRUER: Q. The same price? A. The same price.

BY MR. KELLOCK: Q. You mean in the case of ~~x~~ plain cloths they would be different shades? A. That would cover all the shades, and in the fancy articles of this description there may be other designs on the same article.

Q. How many samples have you got altogether, sent to you? A. Possibly 150.

Q. And these 24 include every quality? A. That would be a fair representation over the range of samples I have.

Q. Does it include every quality? A. I would not swear to that now.

Q. Then, I wish you would complete that also. A. Will you give me time?

Q. Yes, I will give you time. These prices that you have put on here, has there been any change in prices so long as you have had the samples? A. There is the thing, I am never able to tell; it is an approximate price that we receive from Japan.

Q. When you received the samples you were instructed as to the prices you could quote the samples at? A. Exactly.

Q. I am asking you if these prices are the original prices that you got in each case or if there has been any change? A. Those are the original prices.

Q. There has been no change in any case? A. Yes, you see the market has advanced a bit.

BY THE COMMISSIONER: Q. What is that? A. The market has advanced a little.

BY MR. KELLOCK: Q. When you come to complete this exhibit -- before I ask you that, are there any instances in which the price is changed? A. That I cannot say.

THE COMMISSIONER: I didn't hear your answer, speak louder.

MR. KELLOCK: "That I cannot say", my lord, he said. When you come to complete this exhibit will you indicate in every case what xxx change in price has taken place while the samples have been in your hands? A. To enable me to do that I would have to cable Japanx on every quality.

Q. Then, I wish you would complete that also.

A. Will you give me time?

Q. Yes, I will give you time. These prices that you have put on here, has there been any change in prices so long as you were and the manufacturer?

A. There is the thing, I am never able to tell; it is an exorbitant price that we receive from Ross.

Q. Now you received the samples you were instructed as to the prices you could quote too

5 examine out? A. Exactly.

Q. I am showing you if these prices are the original prices that you got in each case or if there has been any change? A. These are the original prices.

10 Q. There has been no change in any case?

A. Yes, you see the market has advanced a bit.

BY THE COMMISSIONER: Q. What is that?

A. The market has advanced a little.

BY MR. FINLAYSON: Q. When you come to complete this exhibit -- before I ask you that, are there any

15 instances in which the price is changed? A. Not I cannot say.

THE COMMISSIONER: I didn't hear your answer.

A. [illegible]: "That I cannot say", my lord, he said. When you come to complete this exhibit will you indicate it -- every case that xxx change in price has taken place while the samples have been in your

20 hands? A. To enable me to do that I would have to table Ross on every quality.

Q. Haven't you got the original prices that you were instructed to charge, or to quote, when the samples were first sent you? A. Those are the original prices.

Q. Taking one of these, there may be a change in the price that you are asking to-day?
A. Quite possibly.

Q. Cannot you indicate that? A. No.

Q. If you have got the original price --

BY THE COMMISSIONER: Q. That depends on his manner of selling; how do you proceed? A. My procedure is this: I offer this article for sale at the prices marked on the list. I cannot close the order definitely on those prices. If quantity is offered a cable is sent to Japan to see if the market can be closed, if that cloth can be closed on that price. If not then I get a higher price cabled back.

Q. And there is no sale? A. No sale.

BY MR. McKuer; Q. You get a higher price cabled back and then you go back to your prospective customer for confirmation at the higher price?
A. The Japanese market is fluctuating practically daily.

BY MR. KELLOCK: Q. The situation is this, you go in with these samples and quote these prices?
A. Yes.

Q. Then, if you get an offer at a lower price you send that offer back --

THE COMMISSIONER: You are putting something in

Item [illegible]

Q. Haven't you got the receipts showing that you were insured in Chicago, or in Illinois, when the supplies were lost and your [illegible] A. These are the original prices.

Q. Judge Sun on Lines. Have you be a check in the office that you are making be-day?

A. Give it [illegible].

Q. Where is Indiana [illegible] A. [illegible]

Q. If you have got the original price --

[illegible] Q. Not answer in his manner of [illegible] Q. Is the procedure in this: I don't have original for me at the prices marked on the list. I assume those are other [illegible] on [illegible]. If [illegible] is [illegible] a price is [illegible] to see if the matter can be closed. If [illegible] can be closed on [illegible]. [illegible] [illegible]

Q. [illegible] there is no [illegible] A. No [illegible]

Q. Mr. [illegible]: Q. You got a [illegible] price [illegible] such [illegible] you do know to your [illegible] [illegible] for [illegible] at the [illegible] price?

A. The [illegible] [illegible] [illegible] [illegible]

Mr. [illegible]: Q. The [illegible] in [illegible], [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]?

A. Yes.

Q. Then, if you [illegible] [illegible] a [illegible] price [illegible] [illegible] --

[illegible]

there, if he gets an offer at this price.

BY MR. KELLOCK: Q. Is that what you mean, you quote the price that is on this sample? A. Exactly.

Q. Then, you confirm it, you have to see whether that price is still in force or not? A. Exactly.

Q. If it isn't in force then you have to go back and tell the customer it is so much more? A. Exactly.

Q. Have you had some instances of that? A. Oh, yes, where I have had to go back with a higher price.

Q. Have you had instances where you have made sales? A. At the higher price?

Q. Yes. A. Yes.

BY THE COMMISSIONER: Q. You mean higher prices than these here? A. Not on these particular qualities.

Q. You want to be careful about those questions and answers; you have made no sales on any of these articles at higher prices than are shown there? A. No.

BY MR. KELLOCK: Q. These samples are all the better class materials? A. Yes.

Q. You have not included any of the taffetas in here at all? A. I have gone from the medium qualities, crepes, to the better qualities.

Q. You have made no sales at all of these materials described in these samples? A. No. Your lordship, may I correct two prices I stated this morning?

BY THE COMMISSIONER: Q. Yes, you mean the C.I.F. price, Montreal, via the canal and via Vancouver? You told us $1.15 and $1.23? A. $1.23 should be $1.25 and also I stated satin --

Q. What about Vancouver? A. There we have to get the rates but it would be proportionate rate, and the satin I quoted at $2.25 should be $2.30.

BY MR. KELLOCK: Q. Have you had the experience, Mr. Fairchild, of quoting the customer the prices that had been given to you to quote and getting an offer at a lower price and having that confirmed? A. No.

Q. You have not had that experience? A. No.

Q. Where do you have to go for your confirmations--

MR. McRUER: I suppose that happens in Canada. Mr. Aird of Montreal Cottons said that he was the one that sharpened the pencil.

BY MR. KELLOCK: Q. Where do you go for your confirmations, New York? A. New York; the cables go through New York.

Q. You do not send the cables, you communicate with New York? A. Communicate with New York.

BY MR. McRUER: Q. And they cable Japan? A. They cable Japan.

MR. KELLOCK: That is exhibit number --

THE COMMISSIONER: 523.

BY MR. KELLOCK: Mr. Fairchild, I omitted to ask you this morning, have you any salesmen working for you? A. Yes, I have one.

Q. Just one; he operates in Montreal the same as

BY MR. GERMAN KEA: Q. Yes, you mean the C.I.F. price, Montreal, via the canal and via Vancouver? You told us $1.15 and $1.25? A. $1.25 should be $1.25 and also I stated again --

Q. What about Vancouver? A. There we have to get the rates but it would be proportionate rate, and the again I quoted at $2.85 about? be $2.80.

BY MR. MITCHELL: Q. Have you had the experience, Mr. Mitchell, of quoting the exact same prices that has been given to you to Cuba and getting an offer at a lower price and having that confirmed? A. No.

Q. You have not had that experience? A. No.

Q. Where do you have to go for your confirmations?

MR. TAUCHER: I suppose that happens in Canada.

Q. Did Mr. Montreal Cotton make that he was the one that observed the canal?

BY MR. MCKAY: Q. There is you go for your confirmations, New York? A. New York: the cables go down through New York.

Q. You do not send the cables, you communicate with New York? A. Communicate with New York.

BY MR. TAUCHER: Q. And they cable Japan?

A. They cable Japan.

MR. MITCHELL: That is exhibit number --

THE CHAIRMAN: 52.

BY MR. MCKAY: Mr. Mitchell, I wanted to ask you this morning, have you any telegrams working for you? A. Yes, I have one.

Q. Just one; he operates in Montreal the same as

yourself? A. In Montreal.

Q. Have you the exclusive agency in the territory you mentioned this morning? A. Of Mitsui & Company?

Q. Yes? A. For the textiles?

Q. Yes. A. Yes.

Q. Have you had occasion to get in any goods on consignment? A. I have some coming.

Q. You have some coming? A. A few pieces, yes.

Q. That is in addition to the orders you have actually received? A. Yes.

Q. You have got some goods consigned to yourself, on consignment? A. Yes.

Q. Give me the particulars of that? A. There are 44 pieces of low taffeta,--

Q. Of which? A. Of the plain rayon taffeta, 20 pieces of brocade.

Q. Taffeta? A. And 34 pieces of satin and about 30 pieces of 36 inch rayon taffeta, about 90 pieces altogether, 90 or 100.

Q. What quality of goods are they? A. On the low rayon taffeta and the brocade taffeta and the satin.

Q. You are going to store those here until you can sell them? A. Yes, sell them.

Q. Then, my friend asked you this morning if you had any difficult, in clearing any goods through the customs; you do not do that yourself at all, do you? Your customer does that? A. The customer does that.

Q. You have nothing to do with clearing the goods

Quinnell A. Is correct.

Q. Have you the exclusive energy in the territory you mentioned this morning? A. Mr Mikado & Connelly?

Q. Yes? Q. For the textiles?

A. Yes. A. Yes.

Q. Have you had occasion to get in any goods on consignment? A. I've done nothing.

Q. You have done nothing? A. A few pieces, yes.

Q. There is in addition to the rooms you have actually rented? A. Yes.

Q. You have got some goods consigned to you now on consignment? A. Yes.

Q. Give me the particulars of that? A. There are 44 pieces of low taffeta,--

Q. Of what? A. Of the black rayon taffeta, 40 pieces of brocade.

Q. Variety? A. Let me think of saying one about 20 pieces of 36 inch rayon taffeta, about 20 pieces cheaper, 30 or 100.

Q. What quality of goods are they? A. On the low rayon taffeta and the brocade taffeta and the set

Q. You are going to store these here until you can sell them? A. Yes, sell them.

Q. Now, Mr Mikado said you this morning if you had any difficulty in selling an any goods that was the customs; you do not do that yourself at all, do you? Your customer does that? A. The customer does it.

Q. You have nothing to do with clearing the goods

through the customs? A. No.

Q. The only way you would find out if there had been any difficulty would be if your customer told you? A. Exactly.

MR. McRUER: Is there any suggestion outside of what Mr. Watson said that such a thing exists?

MR. KELLOCK: The only suggestion I know is what was called the appraiser's bulletin last January which we learned from Mr. Hooper recently was withdrawn.

MR. McRUER: No, you knew it at the time it was withdrawn.

MR. KELLOCK: Well, my witness said he did not and I accepted what he said.

BY MR. McRUER: Q. Mr. Fairchild, I wanted to ask you about quantity purchases; in these quotations that are attached to these samples do you quote for any quantity at that price? A. No, they must take the minimum quantities.

Q. What are the minimum quantities? A. Generally three pieces to five pieces of a colour.

Q. Three to five pieces of a colour? A. Yes, and generally a minimum quantity of 50 pieces of a quality.

Q. Let us get that; three pieces to five pieces of a colour? A. Yes.

Q. And 50 pieces of a quality? A. Yes.

Q. That is, if you take -- take, for example, this pink one here, 36 inch crepe rayon? A. Yes.

Q. You would have to take 50 pieces of that quality? A. Yes.

Q. Do you say you would rise and if there had been any difficulty would be if your customer told you not?

A. Exactly.

Q. Do you say you mean a tailor exists?

Mr. Hardy: The only, supposition I have is that you called the respondent's witness last Monday, right in Lawrence from Mr. Cooper Joseph was at the

Mr. Hardy: No, I've been it as the time it was at Lawrence.

Mr. Fleming: Well, my witness said he did not and I accepted what he said.

BY Mr. Wolf: Q. Mr. Reinhold, I wanted to ask you about cumbling processes; in these processes that are attached to these samples do you create any cumbling at the welcer? A. No, they must take the minimum cumbling.

Q. What are the minimum quantities? A. Generally three pieces to five pieces of a piece.

Q. Those 3 - five pieces of a balance? A. Yes, and usually a minimum quantity of 50 pieces of a piece (?).

Q. Does us get-lists; cards pieces to five pieces of a colour? A. Yes.

Q. and 50 pieces of a quality? A. Yes.

Q. That is, if you take -- take, for example, this piece here. Do look crepe Jersey? A. Yes.

Q. You would look at that or piece of that and if? A. Yes.

Q. In an order? A. Exactly.

Q. And there might be several colours? A. Yes.

Q. In the 50 pieces? A. Yes.

Q. You might have as many as ten different colours in the 50 pieces? A. Yes.

Q. Why is it that you put that limitation of 50 pieces to a quality on? A. Well, no doubt that C.I.F. price is based on the minimum shipment of 50 pieces and for dyeing purposes, of course, they are not able to dye less than three pieces to a colour. They carry no stock.

Q. That is the condition on which you do business? A. Yes.

Q. And the condition on which you quote to the trade? A. Exactly.

Q. Won't you find that the local people have quite an advantage over you in the buyer being able to order a few pieces from Magog or Valleyfield? A. Yes, naturally.

Q. And on a competing line they do not need to take 50 pieces, they can take one or five or whatever they like; doesn't that operate as quite a competition to you? A. It is very big competition.

MR. KELLOCK: You have got to make the price, in other words, to overcome that, don't you?

MR. McRUER: You probably might have to make the tariff to overcome that.

THE WITNESS: I don't make the prices at all.

MR. McRUER: He doesn't make the prices.

MR. KELLOCK: Might I see your samples for a few

Q. In an owner? A. Exactly.

Q. And Tuscany right by general property?

Q. In the 63 pieces? A. Yes.

Q. You might have an easy as you different

5 colours in the 63 pieces? A. Yes.

Q. Why is it that you put that limitation of 63 pieces in a quality and? A. Well, we think that O.L.C. price is based on the minimum shipment of 63 pieces and for certain purposes, of course, they are not able to dye less than three pieces to a colour they carry in stock.

10 Q. What is the exact time on which you do business? A. Yes.

Q. And the condition on which you quote to the 15 trade? A. Exactly.

Q. Won't you find that the local people here quite or approach are you in the buyer being able to order a for pieces from Hogg or Valleyfield? A. Yes, certainly.

20 Q. Not on a competition but they do not wish to take 63 pieces, they can take one or five or whatever they like: doesn't that operate as quite a concession to you? A. It is very big concession.

25 MR. HUTCHISON: You have got to make the point, in other words, to overcome that, don't you?

MR. HOFFMAN: You probably might have to write the tariff to overcome that.

The WITNESS: I don't care the minimum of all.

30 The Commissioner: He doesn't care the minimum.

MR. HOFFMAN: I think I can compare for a few

moments, Mr. Fairchild? That is all, thanks.

MR. McRUER: Alright, thanks. Mr. Hooper. You will get the samples from Mr. Kellock.

--

G. E. HOOPER, recalled,

EXAMINED BY MR. McRUER:

Q. Mr. Hooper, you produce a memorandum circular to Collectors of Customs and Excise. This is the circular that was sent out following the recent changes effected pursuant to the budget brought down in May, 1936? A. Yes.

THE COMMISSIONER: You are putting it in?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: Exhibit 524, circular from the -- A. Department of National Revenue.

EXHIBIT NO. 524: Circular to Collectors of Customs and Excise.

BY MR. McRUER: Q. I have an extra copy, my lord, if your lordship would care to have it. Mr. Hooper, since you gave evidence last I asked you to go to New York for the purpose of investigating imports of rayon fabrics into the United States, rayon and cotton? A. Yes.

Q. And did you do that? A. Yes.

Q. And did you investigate to determine the customs tariff that was in effect in the United States of America? A. I did.

Q. In respect to these fabrics? A. I did.

Q. And you have prepared certain statements, have you, in regard to these matters? A. Yes.

TEST

[illegible]

Mr. [illegible] to-- Mr. [illegible].

You will get the samples from Mr. Hallock.

[illegible]

EXAMINED BY MR. MORTON:

Q. Mr. Hooper, you produce a [illegible] circular to collectors of customs and Excise. This is the circular that was sent out following the recent changes effected pursuant to the budget brought down in 1963, isn't it? A. Yes.

THE COMMISSIONER: You are putting it in?

MR. MORTON: Yes, my Lord.

THE COMMISSIONER: Exhibit 344, circular from the -- A. Department of National Revenue.

MR. MORTON, Q.C.: Circular to Collectors of Customs and Excise.

BY MR. MORTON: Q. I have an extra copy, Mr. Lord, if your Lordship would care to have it. Mr. Hooper, since you have evidence that I asked you to go to New York for the purpose of investigation imports of Japan textiles into the United States, Japan and other? A. Yes.

Q. When did you go there? A. Yes.

Q. And did you investigate to determine the customs tariff that was in effect in the United States of America? A. I did.

Q. In respect to these textiles? A. I did.

Q. And you have prepared certain statements, have you, in regard to these matters? A. Yes.

Q. Now, the first one we have is a statement of imports for consumption into United States of America from Japan, rayon fabrics.

THE COMMISSIONER: Over what period?

MR. McRUER: This is for the periods, 1932, 1933, 1934, 1935 and the first two months of 1936.

THE COMMISSIONER: Exhibit 525.

EXHIBIT NO. 525: Statement of imports for consumption into United States from Japan, rayon fabrics.

BY MR. McRUER: Q. Now, for the years 1932, 1933 and 1934 you have not apparently got the customs duties that prevailed at that time? A. 1934 is given in detail showing the importations.

Q. That is for 1934 in detail, but for 1932 and 1933 you have not got the customs duties?
A. No, I did not -- I believe they were the same at that time. I can give you that information. I have it here.

Q. Well, it is not material at any rate.
A. Yes, the duties were the same in 1932 and 1933.

Q. Then, in 1932 the importations were 7,848 pounds of a value of $5,919. In 1933 they were 7,619 pounds of a value of $6,365. In 1934, 10,902 pounds of a value of $9,095. And then you have broken down the importations for 1934 into different types of rayon fabrics? A. Yes.

Q. That is, fabrics woven, except pile, jacquard figured, 591 pounds of a value of $393 and not jacquard figured, 9,487 pounds of a value of $8,029;

Q. Now, the first one we have is a statement of imports for consumption into Saint John of goods from Japan, mixed trades.

THE CHAIRMAN: Over your signature?

MR. MONDER: This is for the periods, 1932, 1933, 1934, 1935 and the first two months of 1936.

THE COMMISSIONER: Exhibit 924.

EXHIBIT No. 924: Statement of imports consumption into Saint John goods from Japan, mixed trades.

BY MR. MONDER: Q. Now, for the years 1932, 1933 and 1934 you have not apparently got the customs notice that prevailed at that time? A. 1934 is given in detail showing the importations.

Q. That is for 1934 in total, but for 1932 and 1933 you have not got the customs notice?

A. No, I did not -- I believe they were the same at that time. I can give you that information. I have it here.

Q. Well, it is not material at any rate.

A. Yes, the duties were the same in 1932 and 1933.

Q. Then, in 1932 the importations were 7,468 pounds of a value of $8,919. In 1933 they were 7,619 pounds of a value of $6,865. In 1934, 10,905 pounds of a value of $8,099. And then you have broken down the importations for 1934 into different types of mixed cargoes -- Yes.

Q. That is, Tokio rayon, except pile. Jacquard figured, 347 pounds of a value of $355 and not jacquard figured, 3,447 pounds of a value of $6,099;

ribbons, pile wholly cut or wholly uncut 824 pounds of a value of $672. 1935 --

THE COMMISSIONER: $673.

MR. McRUER: $673. 1935, 44,746 pounds of a value of $36,910, and then for the first two months in 1936, 22,409 pounds of a value of $8,356. You don't know whether there is a change in the type or what type it was -- it is a very low type apparently brought in in the first two months of 1936?

A. Yes.

Q. Do you know what fabrics they were; did you get any information on that? A. I have that information there.

BY THE COMMISSIONER: Q. What is that?

A. I have the information in the next exhibit, my lord.

BY MR. McRUER: Q. Well then, the next exhibit we have is a statement showing the amount of protection afforded the United States and Canadian manufacturers on rayon fabrics imported for consumption into United States? A. Yes.

Q. Now, you have taken --

THE COMMISSIONER: Pardon me, that is 526.

EXHIBIT NO. 526: Statement showing amount of protection afforded the United States and Canadian manufacturers on rayon fabrics.

BY MR. McRUER: Q. And there is a sample attached to the original of this, Mr. Hooper? A. Yes.

Q. Where did you procure that sample? A. From the Customs offices in New York, taken from a shipment.

ribbons, pile shells out of shell, meet one pounce of a value of $5V6. 1000 --

Pin a medical kit: $5V6.

Mr. Gordon: $5V6. 1000, $4,750 pounds of a value of $6,910, and then for the first two months in 1980, an amount of a value of $4,380.

You've been doing this for a decade in the type of work that it was -- it is a very low [illegible] compared to in the first two months of 1980?

A. Yes.

Q. To you know what further loss there: did you get any information on that? A. I have the [illegible] there.

BY MR. GARRISON: Q. What is that?

A. I have the information in the next exhibit, my lord.

BY MR. GORDON: Q. Well then, the next exhibit we have is a statement showing the amount of production allowed the United States and Canadian manufacturers on pecan factors imported for consumption during 1980-81? A. Yes.

Q. Now, you have seen --

[illegible]

EXHIBIT No. [illegible]: Statement showing amount of production allowed the United States and Canadian manufacturers on pecan factors imported for consumption.

BY Mr. Gordon: Q. Are there in a tangible exhibit to the statement of this, Mr. Longwy? A. Yes.

Q. Have you prepared that exhibit?

A. Yes.

Q. Now, this statement is a statement showing the protection on one thousand yard piece of 36 inch artificial silk piece dyed satin, 5.62 yards per pound; is that the type of satin that is in this yellow piece? A. Yes, that is the actual importation.

Q. In the United States the value for duty, yen 217.25 at 29.3¢; that is taking the yen at the prevailing rate of exchange? A. Expressed in Canadian funds.

Q. Did you take this from a record in the United States of this importation? A. As far as the value goes, as far as the details as to value and the weight per pound.

Q. It was an actual importation? A. It was an actual importation.

Q. You took the value and the weight per pound from the records in the department? A. Yes. I have used 29.3 for the purpose of extending the value there.

Q. You have used the prevailing rate of exchange? A. Yes.

SECRETARY WHITELEY: The heading on this is not quite correct, is it?

MR. McRUER: Statement showing amount of protection afforded United States and Canadian manufacturers on rayon --

SECRETARY WHITELEY: The words "into United States" should be struck out.

THE WITNESS: No, on rayon fabrics imported for consumption into United States.

Q. Now, this statement is a statement showing the protection on one thousand yard piece of 36 inch artificial silk piece dyed satin, 5.06 yards per pound; is that the type of satin that is in this yellow sheet? A. Yes, that is the actual importation.

Q. In the United States the value for duty, you say 47.40 at 45.5%; that is taking the yen at the prevailing rate of exchange? A. Expressed in Canadian fun

Q. Did you take this from a record in the United States of this importation? A. As far as the value goes, as far as the details as to value and the weight per pound.

Q. It was an actual importation? A. It was an actual importation.

Q. You took the value and the weight per pound from the records in the department? A. Yes. I have used 45.5 for the purpose of extending the value.

Q. You have used the prevailing rate of exchange? A. Yes.

SECRETARY MILLWAY: The heading on this is not quite correct, is it?

MR. KOLYN: It reads an ad valorem equivalent of protection afforded United States and Canadian manufacturers on

MR. --

MR. HAMILTON: No, on yarns twisting imported for

10

15

20

25

30

MR. McRUER: That is no reference to Canadian manufacturers.

THE COMMISSIONER: Yes, it says "protection afforded" and it says "Canadian manufacturers". I understand what you mean, though.

THE WITNESS: There should be a comma there.

MR. McRUER: It is a comparison really between the protection on importations into the United States and into Canada respectively.

SECRETARY WHITELY: If similar goods were imported into Canada.

THE COMMISSIONER: On rayon fabrics imported from Japan into the United States and Canada respectively; that is what you mean, from Japan into the United States and Canada respectively.

MR. Mc RUER: You just add that to the heading, Mr. Whitely, so there will be no mistake about that. Well then, the cost to the purchaser to pay for the goods would be $63.65. Then we come to the duty. A. That is not quite right. That is the value for duty.

Q. That would be what he would pay?

A. No, that is the value for duty.

BY THE COMMISSIONER: Q. That is not what he paid for the Japanese importation; he pays less than that for the Japanese importation? A. 9% less than that.

Q. He has to pay the duty on that? A. He has to pay the duty on that. That includes the home consumption tax.

MR. McRUER: Oh yes, I see; there is a home consumption tax that is deducted? A. For special

Mr. McKim: That is no reference to Canadian manufacturers.

Mr. McMillan: Yes, it mentions "Canadian offices" and it says "Canadian manufacturers".

I understand what you mean, though.

Mr. Fraser: There should be a comma there.

Mr. Hooper: It is a commercial reality between the protection on importations into the United States and into Canada respectively.

Commissioner Kennedy: If similar goods were imported into Canada.

The Commissioner: On Canadian fabrics imported from Japan into the United States and Canada respectively; that is what you mean, from Japan into the United States and Canada respectively.

Mr. McKim: You just put that to the witness.

Mr. Hooper, as there will be no mistake about the 4, well then, the cost to the manufacturer to pay for the duties would be 4%.

A. That is not quite right. That is the value for duty.

Q. That would be what he would pay?

A. No, that is the value for duty.

By Mr. McKim: Q. That would be paid on the Japanese imported by he pays less than that for the Japanese importation? A. 94 less than the

Q. He has to pay the duty on that? A. He has to pay the duty on that. That includes the home manufacture.

Mr. McKim: Oh yes, I see; there is a home manufacture that is included? A. Yes, sir.

duty purposes or for export, in determining the export selling price, yes.

Q. Then, the duty under paragraph 1306, that is the paragraph 1306 of the United States Customs tariff? A. Yes.

Q. Ad valorem 60%. The amount is $38.19. Specific 45%.--

THE COMMISSIONER: 45¢.

MR. McRUER: 45¢ per pound, yes, and the amount on the piece would be $80.10 or a total duty of $118.28,-- A. $118.29.

Q. 29 cents, yes. Now, the Canadian value for duty is 217.25 yen at 39.5¢, that is the proclaimed value, of course? A. Yes.

Q. That is $85.81; the duty under tariff item 561, ad valorem 40% less 10%, $30.89, specific duty 40¢ per pound, $71.20, and making a total --

A. No, you cannot total that yet, the excise tax.

Q. Then, the excise tax, 3%, reckoned on the duty paid value, of course? A. Yes.

Q. Which is $5.64, or making a total of $193.54?

A. No, you are not following that quite right. Taking the duty alone, that is all you have spoken of, just go on down and get your dumping.

Q. Oh yes, then we come to the dumping duty --

SECRETARY WHITELEY: Wouldn't it be better to call it a currency dump?

BY MR. McRUER: Q. It isn't a currency dump?

A. Yes, it is a currency dump.

Q. Well, it is a dumping duty -- A. Dumping

duty purposes or for export, in determining the export selling price, yes.

Q. Then, the duty under paragraph 1706, that is the paragraph 1706 of the United States Customs tariff? A. Yes.

Q. At volume 602. The amount is $26.12.

Specific duty —

A. Yes.

Q. Mr. Wood: 42¢ per pound, yes, and the amount on the dress would be $80.10 or a total duty of $116.22.

A. $116.22.

Q. 47 cents, yes. Now, the foreign value for duty in 417.4.b you at 39.3¢, that is the proclaimed value, of course? A. Yes.

Q. That is $88.81; the duty under tariff item 861, at volume 406 lines 105, $30.48, specific duty 42¢ per pound, $71.30, and making a total —

A. No, you cannot find that yet, the excise tax.

Q. Then, the excise tax, 3%, reckoned on the duty paid value, of course? A. Yes.

Q. Which is 75.64, or making a total of $192.42?

A. No, you are not following that quite right. Taking the duty alone, that is all you have enough of, just at 30 cents and 42¢ — duty.

Q. Yes, yes, then we come to the foreign duty —

MADEMOISELLE WHITELAW: Wouldn't it be better to call it a separate exhibit?

BY MR. MORGAN: Q. It isn't a separate duty.

A. It is a separate duty.

Q. Well, it is a duty, is — A. Yes.

duty on account of currency.

Q. It is on account of currency; if there was no currency valuation wouldn't there be a dumping duty just the same? A. No, you only have a dumping duty when the selling price is less than the fair market value.

Q. Oh yes, I beg your pardon, it is under the other section, that is right. Well, at any rate, probably it would be more accurate to put in currency dumping duty.

BY THE COMMISSIONER: Q. It is a duty on account of currency? A. On account of the proclaimed value of the yen.

Q. You call it a currency dump at any rate? A. Solely on account of currency.

BY MR. McRUER: Q. That is under -- A. Section 55 of the customs law, and section 6, sub-section 9--

BY THE COMMISSIONER: Q. Just a minute, section 65? A. 55, my lord, of the customs law.

Q. The Customs Act? A. The Customs Act, and section 6, sub-section 9 of the customs tariff.

Q. And section 6(9) -- A. Of the customs tariff.

BY MR. McRUER: Q. Does 6(2) affect it, section 6, sub-section 2? A. No, that has to do with excise duties.

MR. BERRY: Shall be disregarded for the purpose of the special duty --

THE WITNESS: We are talking about currency dumping duty now.

BY MR. McRUER: Q. Well, the total currency dump

Q. It is on account of currency; if there was no currency valuation would there be a dumping duty just the same? A. No, you only have a dumping duty when the selling price is less than the fair market value.

Q. Oh yes, I beg your pardon, it is under the other section, that is right. Well, at any rate, probably it would be more accurate to put in currency dumping duty.

BY THE CHAIRMAN: Q. It is a duty on account of currency? A. An account of the prevailing value of the yen.

Q. You call it a currency dump at any rate? A. Solely on account of currency.

BY MR. [illegible]: Q. [illegible] 66 of the customs law, and section 6, sub-section 9--

A. 66, my lord, of the customs law.

Q. The Customs Act? A. The Customs Act, and section 6, sub-section 9 of the customs tariff.

Q. And section 6(9) -- A. of the customs law.

BY MR. MORRIS: Q. Does 6(6) affect it, section 6, sub-section 9? A. No, that has to do with excise duties.

MR. [illegible]: Would be disregarded for the purpose [illegible]

[illegible]

[illegible]

duty is -- A. $20.14.

Q. $20.14; so that the total duty paid by the Canadian importer is $127.87? A. Yes.

Q. Whereas the total duty paid by the American importer on the same article would be $118.29? A. That is right.

Q. Now then, I have figured it out on a percentage -- A. It is in your book.

Q. I know, but it is on the edge of a slip of paper. I wanted to identify it. It is this one. Well then, the figure, the percentage of protection that the American customs duty provided was 204%; that is 197.50 is the selling price to the purchaser duty paid --

THE COMMISSIONER: Pardon me, Mr. McRuer, what are you reading from now?

MR. McRUER: I am making a calculation, my lord.

THE COMMISSIONER: I thought you were reading from something. What is that you say, then?

MR. McRUER: I want to get -- A. It is on $57.

Q. It is $57.87, that is the cost to the purchaser, f.o.b. Japan? A. Yes.

BY THE COMMISSIONER: Q. That is the cost of that article that is valued at $63.55? A. Yes, my lord, that is 217.25 yen less the consumption tax which gives you the result in value of 197.50 and that 197.50 computed at 29.30 is $57.87.

MR. McRUER: So that the cost to the purchaser in Japan would be $57.87.

duty is --

A. $20.14.

Q. $20.14; so that the total duty paid by the Canadian importer is $147.97?

A. Yes.

Q. Therefore the total duty paid by the American importer on the same article would be $118.09?

A. That is right.

Q. Now then, I have figured it out on a percentage --

A. It is in your book.

Q. I know, but it is on the edge of a slip of paper. I wanted to identify it. It is this one. Well then, the figure, the percentage of protection that the American customs duty provided was 59.4; that is 197.50 is the selling price to the purchaser --

THE COMMISSIONER: Pardon me, Mr. Hogan, that is from something else.

MR. HOGAN: I am making a calculation, my lord.

THE COMMISSIONER: I thought you were reading from something. What is that you say, there?

MR. HOGAN: I want to get --

A. It is on $197.

Q. It is $197.97, that is the cost to the purchaser f.o.b. Japan?

A. Yes.

BY THE COMMISSIONER: Q. What is the cost of that article that is valued at $88.85? A. Yes, my lord, that is 217.25 yen less the commission tax which gives you the result in value of 197.50 and that 197.97 converted at 29.50 is $67.97.

MR. HOGAN: Q. And the cost to the purchaser in Japan would be $44.89.

THE COMMISSIONER: You should have that figure in there; so that the actual cost is --

MR. McRUER: $57.87.

THE COMMISSIONER: The value for duty though is -- A. Is $63.65.

Q. Yes, alright.

BY MR. McRUER: Q. So that the cost plus the duty -- A. No, the duty therefore is 204%.

BY THE COMMISSIONER: Q. How much do you say? A. 204%.

BY MR. McRUER: Q. 204 was the figure you gave me; that is, the duty is $118.29 on an article that cost $57.87? A. Right.

Q. So the United States manufacturer has a duty protection of 204%? A. Yes, we can now say "he had".

Q. Yes, we are going to deal with the situation since there was a reduction over there. This is prior to the reduction that came into effect just a few days ago, my lord.

THE COMMISSIONER: On the 20th of June.

THE WITNESS: The 15th of June, my lord.

BY MR. McRUER: Q. Now, take the Canadian manufacturer, the value for duty -- A. Or the invoice price.

Q. Or rather the invoice price is how much? A. $57.87.

THE COMMISSIONER: It is the same.

MR. McRUER: It is the same.

THE COMMISSIONER: You should have that figure in there; so that the actual cost is --

MR. MORDEN, Q.C.:

THE COMMISSIONER: The value for duty through is --

A. It is $28.44.

Q. Yes, $27.44.

BY MR. MORDEN: Q. So that the cost plus the duty --

A. Yes, the duty therefore is $28.44.

BY THE COMMISSIONER: Q. How much do you pay?

A. $28.44.

BY MR. MORDEN: Q. $24 was the figure you gave me; that is, the duty is $28.44 on an article that cost $27.44?

A. Right.

Q. So the United States manufacturer has a duty protection of $28.44?

A. Yes, we can now say "he had".

Q. Yes, we are going to deal with the situation since there was a reduction over there. This is prior to the reduction that came into effect just a few days ago, my lord.

THE COMMISSIONER: On the 20th of June.

THE WITNESS: The 15th of June, my lord.

BY MR. MORDEN: Q. Now, take the Canadian manufacturer, the value for duty --

A. or the invoice price.

Q. Or rather the invoice price is how much?

A. $27.27.

THE COMMISSIONER: It is the same.

MR. MORDEN: It is the same.

THE WITNESS: The duty is $127.87.

Q. The duty is $127.87? A. $127.87.

Q. Or a protection of 221%? A. Right.

Q. 221%; so that the American manufacturer -- or the Canadian manufacturer has a protection apparently of 17% more than -- or had a protection of 17% more than the American manufacturer prior to the reduction in duties in the United States? A. Right.

Q. That is on -- A. On that fabric.

Q. Yes. Now, the next statement we have is a statement of the duties effective after June 15th, 1936 -- A. On and after.

Q. On and after June 15, 1936.

THE COMMISSIONER: That will be exhibit 527.

EXHIBIT NO. 527: U.S. Statement of duties on rayon effective on and after June 15, 1936.

BY MR. McRUER: Q. Now, just so we can compare them with the duties that prevailed in the United States prior to the reduction; the duties prior to the reduction are shown in exhibit 525? A. Yes.

THE COMMISSIONER: Pardon me a moment -- oh yes, that is right.

BY MR. McRUER: Q. Now, paragraph 1306, that is of the United States Customs Tariff? A. That is right.

Q. Woven fabrics in the piece, wholly or in chief value of rayon or other synthetic textile, not specially provided for, whether or not jacquard-figured, 45¢ per pound and 45% ad valorem? A. Those are the only ones I have been dealing with.

THE WITNESS: The duty is 21½%.

Q. The duty is 21½%? A. 21½%.

Q. Of a protection of 25%? A. Right.

Q. 25%; so that the American manufacturer -- or the Canadian manufacturer has a protection superior of 17% more than -- or had a protection of 17% more than the American manufacturer prior to the reduction in duties in the United States? A. Right.

Q. That is on -- A. On that table.

Q. Yes. Now, the next statement we have is a statement of the duties effective after June 18th, 1926 -- A. On and after.

-- on and after June 18, 1926.

MR. CHRISTIE, K.C.: That will be exhibit 247.

EXHIBIT No. 247: U.S. Statement of duties on rayon effective on and after June 18, 1926.

BY MR. MONDER: Q. Now, just so we can compare them with the duties that prevailed in the United States prior to the reduction; the duties prior to the reduction are shown in exhibit 245? A. Yes.

THE C MISTRIE, K.C.: Perhaps we a present -- on yes, that is right.

BY MR. MONDER: Q. Now, paragraph 1906, that is in the United States Customs Tariff? A. That is right.

Q. Woven fabrics in the piece, wholly or in chief value of rayon or other synthetic textile, not specially provided for, whether or not impregnated, 48¢ per pound and 45% ad valorem? A. These are the only, once I have been dealing with.

BY THE COMMISSIONER: Q. What is that?

A. That is the only item we have been dealing with.

BY MR. McRUER: Q. That is the item that this fabric would come under? A. Yes.

Q. I wanted to compare the former rate that prevailed so that we can see how much the reduction amounted to in a general way. We will get the example later on in a detailed way. The change apparently was to reduce it from 70% -- A. And 45¢ a pound on the jacquard figured.

Q. The jacquard figured would be reduced from 70% ad valorem to 45% ad valorem and the same specific left on? A. Yes.

Q. And the not jacquard figured, what would be the comparison there? A. The specific has been reduced, or at least, the ad valorem has been reduced from 60% to 45% and the specific left as it was.

Q. 60% to 45% and the specific left as it was.

BY THE COMMISSIONER: Q. The difference between the jacquard and the other has been eliminated?

A. Yes.

Q. It is all one now, 45¢ per pound and 45% ad valorem? A. Yes, my lord.

BY MR. McRUER: Q. Then, pile fabrics,(including pile ribbons), whether or not the pile covers the entire surface, wholly or in chief value of rayon or other synthetic textile, and all articles, finished or unfinished, made or cut from such pile fabrics, whether the pile is wholly cut, wholly uncut, or partly cut, the prevailing duty now is 25 cents per

BY THE COMMISSIONER: Q. Vest is right?

A. Lime is the only item we have been dealing with.

BY MR. MCGUIGAN: Q. What is the item that third would come under? A. Ice.

Q. I wanted to compare the former rate that prevailed so that we can see how much the reduction amounted to in a general way. We will get the example later on in a detailed way. The change apparently was to reduce it from 70% -- A. And add a pound on the imported figures.

Q. The imported figures would be reduced from 70% ad valorem to 45% ad valorem and the same specific left out? A. Yes.

Q. And the not imported figures, what would be the comparison there? A. The specific has been reduced, or at least, the ad valorem has been reduced from 60% to 45% and the specific left as it was.

Q. 60% to 45% and the specific left as it was.

BY THE COMMISSIONER: Q. The difference between the imported and the other has been eliminated?

A. Yes.

Q. It is all one now, 45% per pound and 45% ad valorem? A. Yes, my Lord.

BY MR. MCGUIGAN: Q. Then, pile fabrics (including pile rissons), whether or not the pile covers the entire surface, wholly or in other valns of tapes or other material, wholly or in other valns of tapes or other material, not ad valorem. Finished or partially finished, not ad valorem. Finished or partially finished, not ad valorem, not or not item 2005 "pile fabrics", whether the pile is wholly cut, wholly uncut, or partly cut, the foregoing pile is of cotton yarn

pound and 50% ad valorem; what is the reduction?

A. The ad valorem has been reduced 10% from 60 to 50 and the specific has been reduced 20 cents a pound from 45 cents down to 25 cents a pound.

Q. Mr. Hooper, is that an item that compares with the item that covers fabrics partially of rayon in Canada, 561 in Canada? A. 561 in Canada --

Q. Covers all-rayons and rayons partly of synthetic silk? A. Yes.

Q. Is this the rate that would prevail in the United States on a similar fabric? A. You are referring to 1306?

Q. 1307? A. No, that is pile fabrics; no, that does not compare.

Q. 1306? A. 1306 does not take in as much or as many fabrics as 561.

Q. What I want to know is this; under 561 we have goods that are partly of rayon and partly of some other material such as cotton? A. Yes.

Q. And they are covered by the same customs duty as in all-rayons? A. Yes.

Q. Now, I want to know how they treated this in the United States? A. The rayon would have to be wholly or in chief value rayon before it would become dutiable under 1306.

Q. Otherwise? A. It would go into cotton.

Q. If we took a fabric in the United States that had 10% cotton in them -- A. It would be

pound and 30% ad valorem; what is the reduction?

A. The ad valorem has been reduced 10% from 60 to 50 and the specific has been reduced 80 cents a pound from 40 cents down to 25 cents a pound.

Q. Mr. Hooper, is that an item that competes with the item that covers fabrics partially of rayon or cotton, let it be noted? A. All in Canada --

Q. Covers all-rayon and rayons partly of synthetic silk? A. Yes.

Q. Is this the rate that would prevail in the United States on a similar fabric? A. You a referring to 1506?

Q. Yes. A. No, that does not compare.

Q. 1506? A. 1506 does not come in on rayon or as many fabrics as 561.

Q. What I want to know is this; under 561 we have goods that are partly of rayon and partly of some other material such as cotton? A. Yes.

Q. And they are covered by the same customs duty as in all-rayons? A. Yes.

Q. Now, I want to know how they treated this in the United States? A. The rate would have to be wholly or in chief value rayon. If it were rayon initially, mostly rayon.

Q. Otherwise? A. It would go into cotton.

Q. If we have a fabric in the United States that had 10% cotton in them -- A. It would be

dutiable as cotton.

Q. But in Canada if it has 10% rayon and 90% cotton it is still dutiable as rayon? A. Yes, it is dutiable under that same item.

Q. Under the same rate? A. Yes.

BY THE COMMISSIONER: Q. That is under 561? A. 561, my lord.

Q. No matter what is the quantity of the rayon, however small.

MR. McRUER: Mr. Reporter, would you just read my question back there. I think I may have used cotton where I meant rayon.

-- Reporter reads as follows:

"Q. If we took a fabric in the United States that had 10% cotton in them --"

MR. McRUER: That should be rayon, I meant rayon, 10% rayon.

Then, we come to item number 1308, fabrics with fast edges, not exceeding twelve inches in width, and articles made therefrom; tubings, garters, suspenders, braces, etc, wholly or in chief value of rayon or other synthetic textile, that is 45 cents per pound and 45% ad valorem. Would that come in under the third item in exhibit 525?

A. No, it is not shown there. I can give you what it was.

Q. Can you give us the former rate? A. Yes, jacquard figured, 45 cents per pound and 70% ad valorem, and not jacquard figured 45 cents per pound and 60% ad valorem.

durable as cotton.

Q. But in Canada if it has 10% rayon and 90% cotton it is still saleable as rayon? A. Yes, it is durable under the same item.

Q. Under the same name? A. Yes.

BY MR. CHAMPAGNE K.C.: Q. There is another belt?

A. Belt, my Lord.

Q. No matter what is the quantity of the rayon, however small.

MR. LOUIS B: Mr. Reporter, would you just read my question back there. I think I may have used cotton where I meant rayon.

-- Reporter reads as follows:

"Q. If we took a fabric in the United States that had 10% cotton in it an --"

MR. LOUIS B: What should be rayon. I meant rayon, 10% rayon.

"Q. If we took a fabric (illustrating) having six feet edges, not exceeding twelve inches in width, and articles made therefrom; hosiery, gartters, suspenders, braces, etc. wholly or in actual value of rayon or other artificial textile, then at 45 cents per pound and 45% ad valorem. Would that come in under the third item in schedule B?

A. No, it is not among there. I can give you what it was.

Q. Can you give us the former rate? A. Yes, dropped figured, 45 cents per pound and 70% ad valorem, and not increased figured 45 cents per pound and 50% ad valorem.

Q. 45 plus 70 jacquard? A. Yes.

Q. And not jacquard? A. 45 and 60.

The reduction is the same as in paragraph 1306.

Q. Then, the example you give at the foot of the page is an example of the protection that is afforded on the same fabric as you dealt with in exhibit number 526? A. Yes.

Q. That is the protection that is afforded to the American manufacturer to-day? A. Yes.

Q. So that the value for duty is $63.65 and the total duties amount to $108.74, or the protection is 188%? A. Right.

THE COMMISSIONER: 188%?

MR. McRUER: Yes.

THE COMMISSIONER: Instead of 204?

MR. McRUER: Yes, my lord.

MR. KELLOCK: The exhibit says 8%.

MR. McRUER: That is a reduction of 8% --

MR. KELLOCK: 8% on 204%?

THE WITNESS: No, you have to go back to your previous prices.

MR. KELLOCK: There is more than 8% between 188 and 204.

THE WITNESS: In this case you will find $108.74 is 8% less than $118.29, $9.46.

BY MR. McRUER: Q. Then, the Canadian manufacturer on that article you told us had a protection of 221% and the American manufacturer to-day has a protection of 188% so that the Canadian manufacturer has 33% more protection than the American manufacturer to-day?

Q. 45 plus 70 journal? A. Yes.

Q. Are not journal? A. 45 and 60.

The reduction is the same as in paragraph 1206.

Q. Then, the example you give at the foot of the page is an example of the production that is attached on the same basis as you dealt with in exhibit number 5267? A. Yes.

Q. That is the production that is attached to the American manufacturer's-day? A. Yes.

Q. So that the value for duty is $52.65 and the total duties amount to $105.74, or the production is 1052? A. Right.

MR. O'CONNOR: 1882?

MR. BOYDEN: Yes.

THE COMMISSIONER: Instead of 2042?

MR. BOYDEN: Yes, my lord.

MR. DONALDSON: The exhibit says 84.

MR. BOYDEN: That is a reduction of 84 --

MR. [illegible]: 84 on 2042?

THE COMMISSIONER: No, you have to go back to your previous pages.

MR. DONALDSON: There is some thing 84 between 1882 and 1884.

THE COMMISSIONER: In this case you will find $105.74 is 84 less than $116.20, 32.46.

BY MR. BOYDEN: Q. Then, the Canadian manufacturer on that article you told us had a profit of 32.46 [illegible]

A. Yes, 188 and 221.

THE COMMISSIONER: Yes, or put it this way, it is higher by 33%. Can anybody tell me what was the reason for this reduction in the United States? A. It was an agreement with Japan, a trade agreement -- I mean with France.

BY MR. McRUER: Q. Japan was one of the most favoured nations? A. Japan is one of the most favoured nations.

BY THE COMMISSIONER: Q. The treaty is with France and Japan is one of those very many most favoured nations? A. There is only one nation in the world which does not receive most favoured nation treatment in the United States and that is Germany.

BY MR. McRUER: Q. So that when the United States made a reduction of that sort it was a reduction in favour of all the world except Germany?
A. Yes.

Q. Canada got the benefit of that reduction too?
A. Yes.

Q. Now, Mr. Hooper, was there any special reason for selecting this fabric as being in any different category than the average rayon fabric? A. No, that is the only one they knew of down there. It is the only one they had for me.

Q. It is the only one you could get hold of down there as an actual importation from which you could get the actual figures you wanted? A. Yes,

A. Yes, 188 and 221.

THE COMMISSIONER: Yes, or put it this way, it is higher by 33%. Can anybody tell me what was the reason for this reduction in the United States?

A. It was an agreement with Japan, a trade agreement -- I mean with France.

BY MR. McTAGGART: Q. Japan was one of the most favoured nations?

A. Japan is one of the most favoured nations.

BY THE COMMISSIONER: Q. The treaty is with France and Japan is one of those very few [illegible] nations?

A. There is only one nation in the world which does not receive most favoured nation treatment in the United States and that is [illegible].

BY MR. McTAGGART: Q. So that when the United States made a reduction of that sort it was a reduction in favour of all the world [illegible]?

A. Yes.

Q. Have got the results of that reduction too?

A. Yes.

Q. Now, Mr. Hooper, you have made some general remarks for selecting this matter as being in our estimate [illegible] THE [illegible] A. [illegible] is the only one that [illegible] or down there. It is the only one they had for me.

Q. It is the only one you could get hold of where there is an actual importation from which you could get the actual figures you wanted? A. Yes.

no taffetas are imported. They have never heard of 27 inch taffeta coming from Japan. 27 inch taffeta is not sold in the United States.

Q. And as far as 27 inch taffeta goes you have already given us the actual protection on that fabric? A. Yes.

Q. From importations here? A. Yes.

Q. When you gave evidence last? A. Yes.

Q. That is filed as exhibit number --

A. 126.

Q. 126 or 127, I think.

ASSISTANT SECRETARY HENE: 125.

MR. McRUER: 125 was the rates.

THE COMMISSIONER: This last one will be filed as exhibit 527.

MR. McRUER: Yes, my lord.

(page 7450 follows)

no tailoring are imported. They have never heard of 27 inch tailors coming from Japan. 27 inch tailors is not sold in the United States.

Q. And as far as 27 inch tailors go, you have already given us the actual protection on that issue? A. Yes.

Q. Your importations have? A. Yes.

Q. When you gave evidence last? A. Yes.

Q. That is filed as exhibit number --

A. 126.

Q. 126 or 127, I think.

MR. [illegible]: 126.

MR. BOURNE: 126 was the tarps.

THE COMMISSIONER: This last one will be filed as exhibit 127.

MR. BOURNE: Yes, my lord.

(Less this point)

Q. Now, you have another statement headed "Protection on Artificial Silk Fabrics Based on Fair Market Values". A. Oh, I think we have already had this one filed. This has not been filed but you have given an example and I believe there is a number for it.

THE COMMISSIONER: Q. Was it something that was to have been worked out when you gave evidence before? A. Yes. I don't know whether it has a number or not. My Lord, you asked that I give a further example respecting U.S. duties, that you might know whether in the jacquard cloth the duties were higher in the U.S. than in Canada, and this is the example that was given and was typed.

MR. McAUEN: When Mr. Hooper gave his evidence last day he made a statement about duties being higher in the United States than Canada and the question came up whether the same rate of duty applied on jacquard cloth as it did on plain rayon fabrics and there were certain statements made about what it was and we asked Mr. Hooper just to figure out what the duty was and if you want it we will give it to you.

THE WITNESS: I believe we have this one in - it will be around Exhibit 149.

MR. McAUEN: I do not think there was a number reserved for it. We will put this one in. There has been something referred to in the earlier evidence about it and we might as well complete the record.

EXHIBIT 828: Protection on Artificial silk fabrics based on fair market values.

Mr. Chairman, you have heard evidence regarding "protection on artificial silk fabrics based on fair market values".

Mr. Chairman, I think we have already had this one filed. This is [illegible] and I believe there is a number for it.

THE GENERAL [illegible]: Yes, it concerning that was to have been worked out when you gave evidence before.

Mr. [illegible]: I don't know whether it has a number or not. Mr. Chairman, you asked that I give a further [illegible] U.S. notice, that you might know whether in the [illegible] which the duties were higher in the U.S. [illegible] given and was typed.

Mr. [illegible]: When Mr. Hooper gave his evidence last day he made a statement about duties being higher in the United States than Canada and the question came up whether the same rate of duty applied on imported cloth as it did on plain rayon fabrics and I was were certain statements made about what it was and we asked Mr. Hooper just to figure out what the duty was and if you want it we will give it to you.

THE CHAIRMAN: I believe we have that one in - it will be around in this lot.

Mr. McGUIRE: I do not think there was a number reserved for it. We will put that one in. There has been something referred to in the earlier evidence about it and we might as well complete the record.

Exhibit [illegible] - Protection on artificial silk fabrics based on fair market values.

THE COMMISSIONER: You said something just now about certain rates being higher in the United States than Canada.

MR. McRUER: I meant higher in Canada than in the United States. The question came up, Mr. Hooper had given evidence that the rates were higher in Canada than the United States and he was challenged to a certain degree whether that applied on jacquard weave or not and he said that he was under the impression it did, but it would have to be worked out and this is the working out.

THE WITNESS: Yes, that is correct.

Q. Without going through all the details of this, you show on the left hand portion of the page the Canadian duty and the right hand portion of the page the United States duty? A. Yes.

Q. This is taken on a hypothetical case? A. Yes.

Q. You did not get your values, etc. from the Department? A. No.

Q. So that on the first instance it works out at 5% higher? A. That is on the taffeta.

Q. The second instance at 10% higher? A. Yes.

Q. What type of goods is that? A. I am quite sure it is a satin that I used in that case. I cannot just recall now but I took it from some figures I had.

Q. And the next is on a jacquard weave? A. Yes, jacuquard taffeta.

Q. But the specific example that we have already dealt with in Exhibit 527 covers an actual

THE COURT: Yes, and considering that our sound carrying waves begin higher in the frequency range than human voices.

Mr. Hooper: I meant higher in frequency than the voice frequency. The evolution case is, Mr. Hooper may adduce evidence that the radios were higher in frequency than the human voice and so not audible to a certain degree without their hearing aids.

THE COURT: Yes, that is correct.

Q. Without going through all the features of this, you know of the high frequency radiation on the sun, the cosmic rays, and the light frequency waves on the sun?

A. Yes.

Q. This is taken on a hypothetical coast?

A. Yes.

Q. You did not get your values, etc. from the Hydrometeorology [illegible]?

Q. So that on the first instance if radio out at 2 kilocycles [illegible]. That is on the [illegible].

Q. The second instance at 100 kilocycles? A. Yes.

Q. What type of radio is that? [illegible] as quite sure it is a certain that I need to look [illegible]. I believe just recently now that [illegible] higher than 1 kc.

Q. Now the next is on a frequency [illegible].

A. Yes, the ground surface.

Q. And the specific example that we have [illegible]

transaction from the same field? A. Yes.

Q. This was hypothetical, Exhibit 528 - the other was actual? A. Yes.

Q. Now, we come to another statement you have prepared "Statement of Importations into Canada Artificial Silk Fabrics from Japan," covering the months of January, February and March, 1936?

A. You might take 1935 first.

THE COMMISSIONER: Q. We already have the earlier months? A. Yes, my Lord.

MR. McRUER: There is another statement I should take before that.

THE WITNESS: This information was asked for by Mr. Heward and it may be compared with statement already filed in respect to 1936. This is for the months of January, February and March, 1935.

THE COMMISSIONER: Q. Statement of what?

A. Of importations of rayon fabrics into Canada from Japan.

Q. In three months? A. Three months, 1935, January, February and March.

MR. McRUER: Q. That is something that you were asked for in cross-examination? A. Yes.

EXHIBIT 529: Statement of Importations into Canada Artificial Silk Fabrics from Japan.

THE WITNESS: I want to mention before that, your Lordship will notice, in only one case have I shown any value. I have shown an invoice value of $315 and that is the only case where an invoice value was shown of invoices covering importations into Canada of this type of goods in those three months.

Q. What does that mean? A. There is a fixed valuation on the goods at that time.

Q. Regardless of actual value? A. Yes.

Q. Whether actual value was higher or lower? A. The actual value was higher. The other shipments were on consignment.

Q. You mean the actual value was lower? A. Yes, was lower in Japan but all the other shipments were on consignment and therefore the invoice does not provide for selling prices to the purchasers in Canada because there would be no sale and this is the only case of a sale in Canada from Japan in those three months and you will notice that it is approximately 5 cents a yard.

Q. All the other shipments were sent over here to agents? A. To agents on consignment, yes. One time you asked whether - what was it? 8 yen was nearer the selling price than 4 yen, something like that, in the early examination. You will see here, the only case we have invoiced value is a little over 5 cents a yard.

Q. And that is all you know about it? A. That is all we know about the selling price at that time. Today they are around three and a half cents.

Q. Then our next Exhibit is "Statement of Importations of Artificial Silk Fabrics into Canada from Japan, April and May 1935"? A. Yes.

EXHIBIT 530: Statement of Importations of Artificial Silk Fabrics into Canada from Japan April and May 1935.

Q. Now, it appears there were 51,312 yards in those two months last year with a value of about

Q. Much more than usual? A. Yes, as a first approximation, one would at least think.

Q. Considering at current values? A. Yes.

Q. Neither market value nor liquidation value?

A. The output value was increased. The plant indicates some increasing.

Q. You mean the current value was lower?

A. Yes, was lower in August but at the same time prices were on a downward and therefore the ratio was not previous in building proceed to the processing in manner because there would be only one unit as the only cause of a gain in average land values in those times. Yes and, we will return back if as reasonably I could a good.

Q. All the operations eliminated were such that be repeated? A. To begin on equipment, Yes. Who also you manage further - what was 1?? S you are making the profiling price from 4 yes, something like that, in the early [illegible]. You will see here, the only cause we have increased value in a lifetime over 5 years a year.

Q. And that is all you know about 1? A. That is all we know about the so line pr ca at that time. Under that are around there was a small course.

Q. When our asset amount is [illegible] of [illegible] from August, April and May [illegible]? A. Yes.

Redirect [illegible]: [illegible]

$8,513? A. Yes.

Q. That would be the duty value fixed at $1.25 a pound? A. Fixed value of $1.25 a pound.

Q. Then our next "Statement of Importations of Artificial Silk Fabrics into Canada from Japan for April and May, 1936"? A. Yes.

EXHIBIT 531: Statement of Importations of Artificial Silk Fabrics into Canada from Japan for April and May, 1936.

Q. This shows 156,352 yards and yen value 22,917 and apparently--

THE COMMISSIONER: One of the differences here is that there is no fixed value.

MR. McRUER: Q. Now, I wonder, Mr. Hooper if we could have taken out of this - you could probably make a note on the Exhibit - the total yardage of the brocaded taffeta? A. Yes.

Q. After calculation there are 109,478 yards brocaded taffeta? A. Yes.

Q. So that if we take out the brocaded, which these buyers have testified to as far as their knowledge went was of a class or kind not produced in Canada, we will have a total yardage of 46,874 yards of the other types? A. Yes.

Q. Then there is a reference made to the Departmental letter of the 10th of January, 1936, and you stated that it had been countermanded? A. Yes.

Q. And you are producing what is a copy of a letter dated 14th February, addressed by the Commissioner of Customs to the Collector of National Revenue at Montreal? A. Yes, that is the

4,317?

A. Yes.

Q. What would be the duty value thereof at 1.5 a pound?

A. Which value of 1.5c a pound.

Q. Then one mark "Statement of importation of artificial silk waste into Canada from Japan for April and May, 1930?

A. Yes.

MARKED EXH.: Statement of importations of artificial silk waste into Canada from Japan for April and May, 1930.

Q. Into those 1,0.,317 pounds and you value 38,317 and apparently--

THE COMMISSIONER: The of the difference here is that there is no issue value.

Mr. POLLOCK: A. No, I agree, Mr. Hooper if we could have taken out of this - you could probably make a note on the Exhibit - the total average of the brocaded taffeta?

A. Yes.

Q. After calculation there are 149,476 yards brocaded taffeta?

A. Yes.

Q. So that if we take out the brocaded, which these buyers have testified to as far as their knowledge went was of a class or kind not common in Canada, we will have a total average of 40,.., yards of the other types?

A. Yes.

Q. Then there is a reference made to the departmental letter of the 10th of December, 1930, and you stated that it had been some months?

A. Yes.

Q. And you are producing that as a copy of a letter dated 14th November, addressed by the Commissioner of Customs to the collector of national revenue at Montreal?

A. Yes, that is the

first letter and there is the second letter--

THE COMMISSIONER: What does it say in that letter?

MR. McRUER: "Referring to Departmental letter of the 10th ultimo. respecting the appraisal or artificial silk fabrics from Japan, it should be understood that Customs invoices covering all importations of such goods are to be forwarded promptly to the Department with a small sample of the fabric and your Officer's report in order that you may be advised as to the valuefor duty."

Then that is followed by another.

THE COMMISSIONER: How does that countermand the previous letter? Does not say so.

MR. McRUER: There is a different procedure.

THE WITNESS: We are going to do the appraising in the Department.

EXHIBIT 532: Letter dated 14th February 1936 from Commissioner of Customs to Collector of National Revenue, Montreal.

THE COMMISSIONER: Q. What did the previous letter say? A. The previous letter said that the value certified to during 1934 and 1935 should be used as a guide to appraisal of fabrics and then we gave them an example of value certified to covering importations in Toronto and we found afterward that those values were too high.

MR. McRUER: Q. This last letter was followed by another letter dated 27th February, 1936? A. Yes.

EXHIBIT 533: Letter dated February 27th 1936 from Commissioner of Customs to Collector of National Revenue, Montreal.

MR. McRUER: It is from Mr. Richards for Commissioner of Customs to the Collector of National Revenue, Customs Division, Montreal:

Advertising to Departmental letter of the 10th. ultimo, File No.188600, in respect to the fair market value of artificial silk fabrics imported from Japan, from the information now before the Department the values shown below may be accepted as representing the fair market value to wholesalers and jobbers on medium size purchases, say 30 pieces, 6 pieces to a colour.

27" Rayon Taffeta, 30 yard piece . . .Yen 3.38
36" Rayon Brocade, 30 yard piece . . .Yen 7.75
36" Rayon Satin, 30 yard piece . . .Yen 5.43

Plus Excise Tax and Export Packing.

On large purchases a reduction of not more than 10 per cent from the above value may be made in determining whether values certified to are acceptable for duty purposes.

In any case where values certified to are lower than as provided above, Customs invoices are to be submitted to the Department with your Appraiser's report, and samples of the fabrics, for further instruction ."

Q. Then you have one further statement, Mr. Hooper, in this regard and that is "Statement of Canada's Trade with Japan by general Groups of Commodities" for January 1st to April 30th, 1935 and January 1st to April 30th, 1936? A. Yes.

THE COMMISSIONER: Import and export?

MR. McRUER: Yes, my Lord.

[illegible]

[illegible]

[illegible]

EXHIBIT 534: Statement of Canada's Trade with Japan by general groups of commodities.

MR. McRUER: Q. Where did you get this information from? A. From the Statistical Department, a branch of the Department of National Revenue.

Q. Now, the imports of fibres, textiles and products in 1935 amounted to $183,813. In 1936 to $836,396, but that is subject to the comment that in respect of rayon fabrics there was a fixed valuation of $1.25 a pound, and that would be the value at which they would be taken into the compilation.

THE COMMISSIONER: That is in 1935?

MR. McRUER: 1935.

Q. That would be correct? A. Yes. There is not very much difference in thevalue of the importations in the first five months of 1935 and 1936, not a great deal of difference.

THE COMMISSIONER: Q. Those are the first four months? A. Yes. We are talking about four months,are not we? There is not very much difference except you get fewer yards in 1935.

MR. McRUER: Q. And our exports to Japan over these four months seem to be by about $310,000--? A. No, no, $290,000 and importations down $52,000.

THE COMMISSIONER: Have we the figures for the whole of 1935?

MR. McRUER: We have not had the figures for the whole of 1935 put in.

THE COMMISSIONER: I would like to see what occurred during the time that the surtax was on at both ends.

EXCERPTS CONTINUED: Examination of Witness Hodges
with leave by general judge
of examination.

Mr. HOWDEN: Q. Where did you get this information from? A. From the statistical report, a branch of the department of national revenue.

Q. Now, the imports of fibres, textiles and products in 1935 amounted to $864,000. In 1936 to $1,000,000, but that is subject to the comment that in respect of rayon fabrics there was a flat valuation of $1.00 a pound, and that would be the value at which they would be taken into the compilation.

THE COURT: What is in issue?

Mr. HOWDEN: (Ans.)

Q. That would be correct? A. Yes. There is not very much difference in volume of the importations in the first five months of 1935 and 1936, but a great deal of difference.

The Commissioner: Q. These are the first four months? A. Yes. We are talking about long staples, are not we? There is not very much difference except you get lower yards in 1936.

Mr. HOWDEN: Q. Do you remember what these four months seem to be by about $10,000,000? A. No, no, $20,000,000 and importations down $8,000,000.

MR. COMMISSIONER: Have we the figures for the whole of 1936?

Mr. HOWDEN: We have not had the figures for the whole of 1936 yet Sir.

The Commissioner: I would like to see what happened during the first four months on a per month basis.

THE WITNESS: We could get it up to the end of 1935.

MR. McRUER: Q. Would you do that? A. Yes.

THE COMMISSIONER: While you are at that you might as well get 1934.

MR. McRUER: Q. Get this same information right down to date, from January 1934? A. By months?

Q. Yes? A. By quarters, would that be all right?

Q. I think you had better show the last part of 1935 by months. A. I think we have it.

Q. If you have not give it to us by quarters? A. All right.

Q. That is the rayon situation? Then we come to cotton fabrics. Now, you have prepared a "Statement of Imports for Consumption into United States of America from Japan" on cotton fabrics? A. Yes.

EXHIBIT 535: Statement of imports for consumption into United States from Japan of cotton fabrics.

Q. Where did you get this information? A. United States Department of Commerce, Bureau of Foreign and Domestic Commerce in New York, branch office there.

Q. Now, the first line shows the years and the unit, yards or value in dollars? A. Yes sir.

Q. The next line the total - the total for these years? A. Yes, the totals are right across the top.

end of 1935.

Mr. Monkman: Q. Would you do that? A. Yes.

THE COURT: While you are at that you might as well get 1934.

Mr. Monkman: Q. And will some information right down to date, from January 1935? A. My quarterly.

Q. Yes? A. My quarterly.

Would that be all right?

Q. I think you can better show the last part of 1935 by months. A. I think we have it.

Q. If you have not give it to us by quarters? A. All right.

Q. That is the month statement. Then we come to cotton fabrics. Now, you have are read a "statement of imports for consumption into United States of merino from Japan" on cotton fabrics?

A. Yes.

MR. MIN SUN: Statement of imports for consumption into United States from Japan of cotton fabrics.

Q. Where did you get this information?

A. United States Department of Commerce, Bureau of Foreign and Domestic Commerce in New York, Bureau office there.

Q. Now, the first line shows the years and the units, yards or value in dollars? A. Yes sir.

Q. The next line the total - the total for these years? A. Yes, the totals are right across the top.

Q. Then the next on the statement is a breakdown of the ones that you were able to break down, is that correct? A. Yes. We have not got that information compiled for 1935 or the first two months of 1936.

Q. But for the year 1935 you are able to get the totals? A. Yes.

Q. And for 1936? A. Yes.

Q. So that the importations of cotton fabrics into the United States for the year 1932 was 789,244 square yards? A. Yes sir.

Q. Or a value of $56,691? A. Yes.

Q. 1933 - 1,115,713 square yards or a value of $78,508? In 1934, 7,287,017 square yards, and then we get a new element coming in and that is "pounds"? A. Yes.

Q. That is a different unit? A. Yes.

Q. The same article but shown on a different unit? A. Yes.

Q. Value $363,201? A. Yes.

Q. Then in 1935 the value is $1,727,798, and for the first two months in 1936 $351,3787 A. Yes.

Q. Now, there has been a change in the rate of duty on cotton just recently in the United States? A. Yes, became effective on the 20th of June.

Q. I want first to deal with the protection afforded the United States manufacturers as compared with the Canadian manufacturers under the previous tariff which previously existed in the United States? A. Protection afforded the United States manufacturer as compared with Canadian manufacturers on cotton.

Q. You have attached to the original of this

Q. Then the next on the statement is a breakdown of the ones that you were able to break down, is that correct? A. Yes. No

have not got that information complied for them as

the first two months of 1956.

Q. But for the year 1956 you are able to get the

values? A. Yes.

Q. and for 1955? A. Yes.

Q. So that the importations of cotton fabrics into the United States for the year 1955 was 785,244 square yards? A. Yes six.

Q. Or a value of $96,000? A. Yes.

Q. 1956 - 1,119,712 square yards or a value of $94,000. In 1954, 7,207,017 square yards,

and then we get a new elements coming in and that is "poplins"? A. Yes.

Q. That is a different unit? A. Yes.

Q. The same article but shown on a different unit? A. Yes.

Q. Value $865,000? A. Yes.

Q. Then in 1955 the value is $1,227,792, and for the first two months in 1956 $161,787? A. Yes.

Q. Now, there has been a change in the rate of duty on cotton textiles in the United States.

A. Yes, became effective on the 25th of June.

Q. I want first to deal with the protection afforded the United States manufacturers as compared with the Canadian manufacturers under the previous tariff

A. Protection afforded the United States manufacturer as compared with Canadian manufacturers on cotton.

Q. You have alluded in the pleadings at this

Exhibit 536 a sample of the goods? A. Yes.

Q. Where did you get this sample? A. From the Customs Department in New York.

Q. And you are taking the actual figures as to price? A. As to price and weight.

Q. As to price and weight from the invoice for the record? A. From the record of the Customs Department in the United States. Have one more, have the count two. The yarn count, not the cloth count.

Q. You say this is representative of 90% of the imports? A. Yes.

Q. Where did you get that information?
A. From the Chief Appraiser.

Q. That is, 90% of the imports of cotton?
A. Of cottons from Japan.

Q. Which would be included in this statement 535? A. Yes. That shows that the statement is more or less right - of course, that is 1934 - but I think we also have it in here, that these fabrics are 90% of the importations, this report from the Tariff Board to the President.

Q. You are referring to pamphlet you have in your hand. We have not dealt with that. For the purpose of the record you are referred to the Report of the Tariff Commission in the United States to the President? A. Yes.

Q. What date? A. This is not the right one.

Q. You say that is the information you got anyway? A. Yes. It was given in some reports to the President I believe from the Tariff Board.

exhibit you a sample of one grower? A. Yes.

Q. Where did you get this sample? A. From the Customs Department in New York.

Q. And you are taking the second figures as prices? A. As to price and weight.

Q. As to price and weight from the invoice or the manifest? A. From the record at the Customs Department in the United States. Have one more, have the count two. The yarn count, not the Alien number.

Q. You say this is representative of 50% of the imports? A. Yes.

Q. Where did you get that information? A. From the Chief Appraiser.

Q. That is, 50% of the imports of cotton?

A. Of cotton from Japan.

Q. Which could be included in this statement 5550? A. Yes. That shows that the statement is more or less right - of course, that is 1934 - but I think we also have it in here, that those figures are 50% of the importations, that report from the Tariff Board to the President.

Q. You are referring to pamphlet you have in your hand. We have not dealt with that. For the purpose of the record you are referred to the report of the Tariff Commission in the United States to the President? A. Yes.

Q. What date? A. This is not the right one.

Q. You say that is the information you get any-way? A. Yes. It was given in some reports to the President I believe from the Tariff Board.

EXHIBIT 536: Statement of protection afforded United States manufacturers as compared with Canadian manufacturers on cotton.

Q. We will deal with example in Exhibit 536. This is on a 44", 68 x 64 - that is count?

A. That is number of ends and number of picks.

Q. Six yards per pound, 1000 yard piece. Now, "United States Tariff Protection: Value for duty, $41.60. Duty - paragraph 904 (b), ad valorem 27.7%, or $11.52. Or a total of $53.12. Now, "Rate of duty determined as follows:- ad valorem, 13% and in addition thereto, for each number, thirty-five one-hundredths of 1% ad valorem" - what do you mean by that? A. That is for each count, for each average count, you take 35/100ths of 1%. In other words, if the average count be 40, you would multiply thirty-five one-hundredths of 1% by forty. That works in the finer fabrics, the more costly the percentage would be lower.

THE COMMISSIONER: There is less count in the finer fabric? A. No, would be less.

Q. I thought you added so much per count? A. The count would be higher in the finer cloths.

MR. McKUER: Q. That is, the count of yarn? A. Yes.

Q. For instance, a fabric made of 40's would be less duty than a fabric made of 60's? A. Yes, and therefore your higher duty on more expensive goods and lower duty on the cheaper goods.

Q. Why did you take forty-twos in this example? A. Because that happens to be the fabric.

Exhibit 3oo: Statement of protection afforded United States manufacture as compared with Canadian manufacture on cotton.

Q. We will look at one example in Exhibit 3oo. This is on a 44", 3C x 3S - that is cotton?

A. That is number of ends and number of picks.

Q. Six yards per pound, 8000 yard piece. Now, "United States Tariff Commission, Table 3oo 3oo, pt.60. Only - paragraph 30a (b), ad valorem 17.7%, or 1.3%. So a total of 3o.1%. Now, then, I duly determined as follows:- ad valorem, 1%, and in addition thereto, for each number, thirty-five one-hundredths of 1% ad valorem" - what do you mean by that?

A. That is for each count, for each average count, you take 35/100ths of 1%. In other words, if the average count be 40, you would multiply thirty-five one-hundredths of 1% by forty. That works in the finer fabrics, the more costly the percentage would be lower.

THE COURT ADJOURNED: There is less cost in the finer fabric?

A. So, could be less.

Q. I thought you stated so much per count?

A. The count would be higher in the finer cloth.

MR. MACKAY: Q. That is, the count of yarn?

A. Yes.

Q. For instance, a fabric made of 40's would be less duty than a fabric made of 60's?

A. So, and therefore your higher duty on more expensive and lower duty on the cheaper goods.

Q. Why did you take forty-three in this example?

A. Because that happens to be the fabric.

Q. I thought it was 68 x 64? A. That is the cost count.

Q. Then to be clear on this: This is yarn count of 42? A. Yes, yarn count of 42.

Q. Then where do you get the 13%?

A. That is provided for in paragraph 904 (b) ad valorem 13%. You start with 13% and then in addition thereto you have the other factor.

Q. So that it comes to 27.7% ad valorem?

A. Yes.

Q. That is the same figure as you have up above?

A. Yes. Merely showing how we arrive at that figure.

Q. Mr. Berry has just furnished us with a copy of the Tariff Act of 1930 in the United States and page 58 under "Cotton Manufacturer". There is a paragraph we might probably just have on the records here when we are discussing this matter "Cotton Cloth, not bleached, printed, dyed or coloured"?

A. We have that in an exhibit to follow.

Q. "Cotton Cloth, bleached" is the one we are dealing with just now? A. Yes, this can be put in.

Q. Paragraph 904, clause (b) of the American Customs Tariff Act:

> "Cotton cloth, bleached, containing yarns the average number of which does not exceed Number 90, 13 per centum ad valorem and, in addition thereto, for each number, thirty-five one-hundredths of 1 per centum ad valorem; exceeding num ber 90. 44½ per centum ad valorem."

Q. I thought it was 68 x 64? A. That is the case count.

Q. Seem to be clear on this: This is your count of 62? A. Yes, your count of 62.

Q. When were do you get the 12%?

A. That is provided for in para. sub 4(b) as ratorem 12%. You start with 12% and then in addition thereto you have the other factor.

Q. So that it comes to 27.7% ad valorem?

A. Yes.

Q. That is the same figure as you were up above?

A. Yes. Merely showing how we arrive at that figure.

Q. Mr. Perry has just furnished us with a copy of the Tariff Act of 1940 in the revised States and page 56 says, "Cotton manufacturer". There is a paragraph we might probably just have on the records here when we are discussing this matter "Cotton Yarn, not ready, [illegible] Cotton Manufacturer"

Q. We have it at in an exhibit to follow.

Q. "Cotton Cloth, bleached" is the one we are dealing with just now? A. Yes, this can be put in.

Q. [illegible] Clause 1(1) of the [illegible] Customs Tariff reads:

"Cotton cloth, bleached, containing yarns the average number of which does not exceed Number 80, 13 per centum ad valorem and, in addition thereto, for each 100 [illegible] one-hundredths of 1 per centum ad valorem; exceeding 80 but 90, 44 per centum ad valorem."

That is in very fine counts? A. Yes.

Q. Well now, go back to Exhibit 536 and see the Canadian manufacturers protection on the same article. "Value for duty at proclaimed value, $56.09." That is the article costing the same as the American article? A. $41.60.

Q. "Duty under Tariff Item 523 (a) ad valorem 22½%," amounts to $12.62. "Specific, 3½ cents per pound," amounts to $5.83. The excise tax on the duty paid value amounts to $2.24, and then we have the dumping duty of $14.49 or a total duty of $35.18. That is the total on that article in Canada?
A. Yes.

Q. And the total amount paid on the same article in the United States was how much?
A. $11.52.

Q. Now, the dumping duty alone in Canada was more than the whole duty payable in the United States- that is, the currency dumping in Canada? A. Yes.

Q. We might just change that to "currency dumping duty" again. And this table of exports into the United States of Japanese cloth shows the flow of Japanese cloth into the United States under the rate prevailing pursuant to this exhibit?
A. Yes.

Q. That is, on the basis of paying $11.52 on this piece of cloth and have for 90% of the imports - that is all the imports that came into the United States of America? A Yes.

Q. And there are 125,000,000 of population?
A. You will notice that in this change here, the

That is in very fine cotton? A. Yes.

Q. Well now, go back to Exhibit 865 and see the Canadian manufacturers protection on the same article. "Value for duty at prohibited value, $28.09." That is the article cotton tow sacks as the American article? A. $31.60.

Q. "Duty under Tariff item 865 (a) ad valorem 35%," amounts to $10.82. "Specific, 3¢ cents per pound," amounts to $6.73. The excise tax on the duty paid value amounts to $8.85, and then we have the dumping duty of $14.49 or a total duty of $40.18. That is the total on that article in Canada?

A. Yes.

Q. And the total amount paid on the same article in the United States was how much?

A. $17.41.

Q. Now, the dumping duty alone in Canada was more than the whole duty payable in the United States. That is, the currency dumping in Canada? A. Yes.

Q. We might just change that to "currency dumping duty" again. And this table of exports to the United States of Japanese cloth shows the flow of Japanese cloth into the United States under the rate prevailing prevalent to this evidence?

A. Yes.

Q. That is, on the basis of paying $11.82 on this piece of cloth we have 100% of the imports - that is all the imports that came into the United States of America? A. Yes.

Q. And there are 125,000,000 of population?

A. Yes will believe that is all Canada here, the

new rates of duty only provide for additional duty on fabric counts between 30 and 50.

Q. I will come to that in a moment. While in your statement here, Exhibit 535, shows the group of counts that form the bulk of the products?
A. Yes.

Q. Because take on this 32, 40, 42, 43 in the year 1935 the imports of those counts, $1,302,000?
A. No, not the imports of those counts, the imports of bleached cotton. We have miscellaneous in here too.

Q. Well, does not seem to be a great many of them? A. No, I know that 90% is the correct figure to use.

Q. Well then, we will deal with the rate since changed - the change that took place and the rates that prevalled since. Now, you are producing a copy of a proclamation that is dated 21st of May - a proclamation is it of the change? A. Yes, Proclamation.

Q. And it is dated the 21st of May, 1936?
A. Yes. The instructions to the Collector is the 23rd of May.

EXHIBIT 537: President's Proclamation re cotton cloth dated May 21st, 1936.

Q. You have worked out an example under the new rates which will show the protection that the new rates give? A. Yes.

THE COMMISSIONER: Q. The whole thing is based on the cost of production? A. Yes, my Lord.

new rates of duty only provide for additional duty on fabric counts between 60 and 80.

Q. I will come to that in a moment. While in your statement here, Mr. Smith, shows the crop of cotton that form the bulk of the production?

A. Yes.

Q. Averages here on this 40, 50, 60, 65 in the year 1929 the imports of these counts, 60, 65, that A. No, not the imports of these counts, the imports of finished cotton. We have miscellaneous in here too.

Q. Well, does not seem to be a great deal of them? A. No, I know that 60's is the correct figure to use.

Q. Well then, we will deal with the rate since changed - the counts that took place and the rates that prevailed then. Now, I am showing a copy of a proclamation that is dated May 1st of 1929 - a proclamation is it of the change? A. Yes, Proclamation.

Q. Was it in force the first of May, 1929? A. Yes. The inert colors to the collector in the bond or May.

MR. SMITH QC: President's Proclamation May 21st, 1929.

Q. You have worked out an example under the new rates which will show the protection that the new rates give? A. Yes.

MR. COURTLAND SMITH: Q. The whole thing is based on the book of proclamations? A. Yes, in 1929.

MR. McRUER:

Q. This is the same type of goods? A. The same fabric.

Q. This deals with the same fabric at the present rate? A. Yes.

Q. This is the same fabric as attached to Exhibit 536? A. Yes.

Q. But you apply to it the new rate? A. Yes.

EXHIBIT 538: Statement of United States Tariff Protection, bleached cotton fabric.

Q. Bleached cotton fabric and you set out the type and the value and thead valorem duty is 39½% or it pays on the duty value, $16.43.

THE COMMISSIONER: Q. Instead of $11.52? A. Yes, my Lord.

MR. McRUER: Q. Now, to compare that with the Canadian duty in effect now on the same article in Canada the duty would be $35.18 as shown in Exhibit 536? A. Yes.

Q. So that the duty in Canada on this fabric which apparently represents about 90% of the imports into the United States from Japan last year is more than twice as high as the duty in the United States and, again, the duty in the United States does not amount to very much more than our currency dumping duty here. Amounts to about $2.00 on the whole fabric more than the currency dumping duty? A. About 12%.

Q. And our ordinary duty without the currency dumping duty at all would amount to how much - that is, with our excise. Our ordinary duty would amount

MR. MONDER:

Q. This is the same type of goods? A. The same fabric.

Q. This deals with the same fabric at the present rate? A. Yes.

Q. This is the same fabric as attached to Exhibit [illegible] A. Yes.

Q. But you apply to it the new rate?

A. Yes.

EXHIBIT 65A: Statement of United States Tariff Commission, Bleached cotton fabric.

Q. Bleached cotton fabric and you set out the type and the value and then ad valorem duty is 35% or it pays on the duty value, $15.45.

THE COMMISSIONER: Q. Instead of $11.85?

A. Yes, my Lord.

MR. MONDER: Q. Now, to compare that with the Canadian duty in Ottawa you do not know exactly it. Canada the duty would be $22.12 as shown in Exhibit 65A? A. Yes.

Q. So that the duty in Canada on this fabric which apparently represents about 90% of the imports into the United States from Japan last year is more than twice as high as the duty in the United States and, again, the duty in the United States does not amount to very much more than our currency dumping duty here. Amounts to about $4.00 on the whole fabric more than the currency dumping duty?

A. About 12%.

Q. And our ordinary duty without the currency dumping duty at all would amount to how much - that is, with our excise. Our ordinary duty would amount

to about over $20.00? A. Yes.

THE COMMISSIONER: Q. Not forgetting that there is a fixed value higher than the actual value? A. No, there is no fixed value here, my Lord. Only the fixed value of the yen, proclaimed value.

Q. The value for duty is value of $56.09 whereas the actual duty is only $41.50? A. Yes.

MR. McRUER: Q. That comes up really twice - in the dumping levy and ordinary levy? A. You see, we are setting out these examples to show the dumping duty separate and to show you what the regular duties are. But to show laid down value you would only show it once.

Q. I do not think we have it figured here what the percentage of protection is to the Canadian consumer? A. Looks about 88.

Q. That is, $35.18 they pay for duty and the cost of the article? A. It is about 85%.

Q. Well then, what is the protection for the American manufacturer under the present increased duties? A. 39½%.

Q. As against 85% to the Canadian manufacturer? A. Yes.

Q. Now then, you got another sample in the United States? A. Yes, from the Customs Department.

Q. And the information you have in reference to this and the sample come directly from the Customs Department in the United States? A. Yes.

to about over $10,000? A. Yes.

THE COURT: Q. Not forgetting that there is a fixed value higher than the normal value?

A. No, there is no fixed value here, my Lord. Only the fixed value of the yen, proclaimed value.

Q. The value for duty is value or $10.00 whereas the actual duty is only $4.00?

A. Yes.

MR. ROSS: Q. That comes up really twice - in the dumping levy and ordinary levy?

A. You see, we are setting out these examples to show the dumping duty separate and to show you what the regular duties are. But to show just down value you would only show it once.

Q. I do not think we have it figured here what the percentage of protection is to the Canadian manufacturer?

Q. That is, $35.18 they pay for duty as the cost of the article? A. It is about 40%.

Q. Well then, what is the protection for the dumping duties? A. 80%.

Q. As against 85% to the Canadian manufacturer?

A. Yes.

Q. Now then, you got another sample in the United States? A. Yes, from the Customs department.

Q. And the information you have in reference to this and the sample came directly from the Customs Department in the United States? A. Yes.

Q EXHIBIT 539,: Statement and sample of bleached cotton fabrics from Japan showing U.S. and Canadian duties.

Q. This is on another 1000 yard piece?

A. Yes.

Q. The total duty is $25.08 in the United States and in Canada it is $36.56 - is that correct?

A. That is correct.

Q. And in this case the currency dumping duty alone is $14.00 more on the piece than the whole duty in the United States? A. Yes.

Q. And we are running close to 400% higher duty on the total duties than in the United States and, again, this is a fabric that would be included in the total imports into the United States at the rates that are shown? A. Yes.

THE COMMISSIONER: I presume this means a bleached cotton fabric from Japan.

MR. McRUER: Yes. It was really a part of a former exhibit but I separatedthem.

Q. Now then, the next statement I have is "Statement of Importations of Cot on Fabrics into Canada from Japan" for the first five months of 1935?

A. Yes.

EXHIBIT 540: Statement of importations of cotton fabrics into Canada from Japan, January 1st to May 31st, 1935.

Q. This shows 90,920 yards and a valuation of Yen 12,405. Now, you have a note in the margin of this: "Fixed valuation 40 cents or what is it?

A. Fixed valuation 40 cents or 44 cents per pound.

Q. Did that come into effect in January, 1935?

Q. EXHIBIT 589: Statement and sample of bleached cotton fabrics from Japan showing c.i.f. and Canadian duties.

Q. This is on another 1000 yard piece?

A. Yes.

Q. The total duty is $25.18 in the United States and in Canada it is $26.86 - is that correct?

A. That is correct.

Q. And in this case the currency dumping duty alone is $24.00 more on the piece than the whole duty in the United States?

A. Yes.

Q. And we are running close to $100 higher duty on the total duties than in the United States and, again, this is a fabric that would be included in the total imports into the United States at the values that are shown?

A. Yes.

MR. CORNISH: I presume this means a bleached cotton fabric from Japan.

[illegible] I was trying a mere of a former exhibit but I separated them.

Q. Now then, the next statement I have is "Statement of importations of Cot.on Fabrics into Canada from Japan" for the first five months of 1936?

A. Yes.

EXHIBIT 590: Statement of importations of cotton fabrics into Canada from Japan, January 1st to May 31st, 1936.

Q. This shows 93,990 yards and a valuation of Yen 14,408. Now, you have a note in the margin of this: "Fixed valuation 40 cents or what is it?

A. [illegible]

Q. Did that come into effect in January, 1937?

A. No, that came into effect in December 13, 1931.

Q. So that applies to the whole lot of the importations? A. No, just the flannelette.

Q. There is just one item of flannelette on the list and the fixed valuation of 44 cents a pound applies only to the small item of flannelette? A. Yes, I could not tell what the value for duty was on that invoice, the weight was not given.

Q. Now, the next one is "Statement of Importations of Cotton Fabrics into Canada from Japan, from January 1st to May 31st, 1936"? A. Yes.

EXHIBIT 541: Statement of importations of cotton fabrics into Canada from Japan, January 1st to May 31st, 1936.

Q. You divided this into two classes, Mr. Hooper: (A) of a class or kind made in Canada, and the other (B) of a class or kind not made in Canada. That is a division that is made by the Customs Department in passing the goods through customs? A. In this case, yes, except we did not get a ruling on the Corduroys. There was no ruling on Corduroys, and so we put it in other group. I had no ruling on it.

Q. Left it in group of class or kind made in Canada where there was doubt about the ruling on it? A. Yes.

Q. So that the total importations into Canada from Japan for these months amount to 5,217 yards of a Yen value of 1,390 or about $400 or thereabout? A. Yes.

(Page 7572 follows)

A. No, that came into effect in December 1, 1931.

Q. So that applies to the whole lot of the importations?

A. No, just the

Q. There is just one item of Flumelette on the list and the fixed valuation of 44 cents a pound applies only to the small item of Flumelette?

A. Yes, I could not tell what the value for duty was on that invoice, the weight was not given.

Q. Now, the next one is "Statement of importation of cotton fabrics into Canada from Japan, January 1st to May 31st, 1936."

Q. You divided this into two classes, Mr. Hooper: (A) of a class or kind made in Canada, and the other (B) of a class or kind not made in Canada. That is a division that is made by the Customs Department in passing the goods through customs?

A. In this case, yes.

Q. Except we did not get a ruling on the corduroys. There was no ruling on Corduroys, and so we put it in other group. I had no ruling on it.

Q. Left it in group of class or kind made in Canada where there was doubt since the ruling on it?

A. Yes.

Q. The total for these importations into Canada from Japan for these months amount to 5,217 yards of a Yen value of 1,285 or about $250 or thereabouts?

A. Yes.

(Page Five Follows)

Q. Then of the class or kind not made in Canada the yardage is 216,670? A. Yes.

Q. And the yen value is 33,616, or about $10,000? A. About $10,000.

Q. And, of course, if there is a ruling that it is of a class or kind not made in Canada the currency dumping duty does not apply? A. No, nor does the proclaimed--

Q. And the proclaimed value does not apply? A. No, the proclaimed value does not apply.

Q. It goes in just as it goes into the United States? A. Yes.

Q. On the same basis, at any rate, - A. That is, value for duty.

Q. Yes. Now then, Mr. Hopper, I will see if there is anything else I want to ask. Oh, yes. Mr. Dawson made a suggestion that they had been asking to have the fair market value for treaty purposes shown in yen on the Customs invoice? A. Yes.

Q. Can you tell me whether or not that is being done now? A. It has always been done.

Q. It has always been done? A. Yes.

Q. So that there is no trouble in getting at the fair market value if the invoice is certified?-- A. No, the invoice must be certified to in the currency of the country of export.

Q. Now, it is suggested that the rate of duty is higher in Great Britain and in Canada as against Japanese

Then of the class or kind not made in Canada the produce is $15,000? .. Yes.

And the year value is $8,000, or about $10,000; about $10,000.

And, of course, if there is a value that it is of a class or kind not made in Canada the customs duties duty does not apply? .. No, nor even the proclaimed--

And the proclaimed value does not apply? No, the proclaimed value does not apply.

It goes in just as it goes into the United States? Yes.

On the same basis, at any rate, - A. Just in value for duty.

Yes. Now then, Mr. Bennett, I will see if there is anything else I want to ask. Oh, yes. Mr. Bennett made a suggestion that they had been asking to have the full market value for duty purposes where in you or the Customs Involved? .. Yes.

Can you tell me whether or not that is being done now? .. It has always been done.

Has it always been done? .. Yes.

So that there is no trouble in getting at the market value if the invoice is certified--

The invoice must be certified to in the country of the country of export.

Now, it is suggested that the rate of duty is

goods. Can you tell me whether or not the currency is more depreciated against Great Britain than Canada? Do you know what the exchange situation is between Great Britain and Japan? A. I would say it would be the same.

BY THE COMMISSIONER: Q. There must be a little difference. A. You work it round, back to the same thing.

Q. The pound is worth about $3.04 instead of $4.86? A. Yes. Then the yen would be lower,--

Q. The depreciation of te yen is greater as against the pound as against the dollar? A. Yes.

MR. McRUER: That is what I was coming at, my lord. That is all, Mr. Hooper, thank you.

CROSS-EXAMINATION BY MR. KELLOCK:

Q. Mr. Hooper, my friend asked you to make a computation as to the proclaimed value of the yen that would prevail in 1937? A. In 1937?

Q. Yes? A. No. His Lordship has instructed that someone do that, but that was just a day or so ago.

THE COMMISSIONER: That question was raised some time ago, Mr. Kellock.

MR. KELLOCK: I was wondering, my lord, if for the sake of convenience, and in case it should be overlooked, my computation could go in subject to check bymy friend.

[illegible]

goods. Can you, sir, tell me whether or not the currency is more depreciated against Great Britain than Canada? Do you know that the exchange relation is between Great Britain and Canada? . I mean, say it would be the same.

Mr. [illegible]: . There must be a lot the difference. . You look in mind, then to the same thing.

. The price is really about 3% instead of 4%.

. Yes. When you would be lower?--

. Are dependent also of be you is greater as regards the price as against the country? . Yes.

. Member: That is what I was coming at, my last that is all, Mr. Chairman, thank you.

. Mr. Chairman, may I ask you to make a computation as to the purchasing value of the pound that would prevail in 1917? . In 1917?

. Yes? . No. The Commodity has fluctuated just somewhat do that, but that was just a day or so ago.

The Chairman: Last question was raised some time ago, Mr. Wilson.

Mr. Wilson: I am mentioning, my lord, if for the sake of convenience, and in case it should be [illegible], the [illegible] to be [illegible] by [illegible]

THE COMMISSIONER: I do not see how it can be, because it has to be ascertained; that is as to the yen.

MR. KELLOCK: Yes, sir, what the currency dumping duty will be next year.

MR. McRUER: I have no doubt, my lord, it has all been considered by the Department of External Affairs, and when we come to deal with it no doubt we can have someone come here from the Department to tell us how they computed it.

THE COMMISSIONER: I would say, Mr. McRuer, that you should endeavour to ascertain just how it is computed, and if you get it you might send a copy to Mr. Kellock.

MR. McRUER: I will ask them to do that, my lord, and send a copy to Mr. Kellock.

THE COMMISSIONER: I think that is the most expeditious way, Mr. Kellock.

MR. KELLOCK: Very well, my lord.

THE COMMISSIONER: If you find any delay occurring, just write to the Secretary.

MR. KELLOCK: My friend and I won't have any trouble, my lord.

Q. Mr. Hooper, will you please look at Exhibit 525. I see you have the heading there "Statement of imports for consumption into the United States." A. Yes.

Q. Now, have you taken into consideration there the imports into warehouse as well as the direct imports for consumption? A. I don't know, I don't

THE COURT ADJOURNED: I do not see how it can be, because it has to be ascertained; that is to the

MR. KELLOCK: Yes, sir, at the customs duplex duty will be next year.

MR. HOOPER: I have no doubt, my lord, it has all been considered by the Department of External Affairs, and when we come to deal with it no doubt we can have someone come here from the department to tell us how they consider it.

THE COURT ADJOURNED: I would say, Mr. Hooper, that you should endeavour to ascertain just how it is computed, and if you get it you might send a copy to Mr. Kellock.

MR. HOOPER: I will seek them to do that, my lord, and send a copy to Mr. Kellock.

THE COURT ADJOURNED: I think that is the most [illegible] way, my lord.

MR. KELLOCK: Very well, my lord.

THE COURT ADJOURNED: If you find any other concerns, just write to the Secretary.

MR. KELLOCK: My friend and I won't have any trouble, my lord.

Q. Mr. Hooper, will you please look at exhibit [illegible]. I see you have the heading there "statement of imports for consumption into the United States." A. Yes.

Q. Now, have you taken into consideration there the imports into warehouse as well as the direct [illegible]

think they have those figures in there. The goods have gone into bond, and it would not make very much difference.

Q. Oh yes, it would. You have direct imports for consumption, and you have imports into the warehouse?

BY THE COMMISSIONER: Q. Pardon me a moment. Do you mean on consignment? A. No, into bonded warehouse, my lord. Sometimes they have not got the money to pay the duty on them and they put them into bonded warehouse.

BY MR. KELLOCK: Q. Then, Mr. Hooper, when they get into bonded warehouse, subsequently they are withdrawn for consumption? A. Oh, yes.

Q. Now, does that include direct imports for consumption and withdraw from warehouse? A. Well, once they come out of warehouse they would go into consumption, - I would think so.

Q. Well, are you sure? A. How can I be sure? I certainly am not sure. I didn't think of anything other than those were all the goods going into consumption.

Q. You have the figures, and it makes a difference if you have only got the figures of the direct imports? A. I don't think there is any possibility of those figures being left out.

BY THE COMMISSIONER: Q. The moment they come out of bond they pay the duty? A. Oh, yes.

think they have these figures in mind. We could have a look bond, and it would not make very much difference.

Q. Of course, it would. You have direct imports for consumption, and you have imports into the warehouse?

BY THE COURT CLERK: Q. Perhaps we a moment. Have some of warehouse? A. No. Some bonded warehouses, by law. Sometimes they have not got the money to pay the duty on them and they are then bonded bonded warehouses.

BY MR. MACLAREN: Q. Well, Mr. Cooper, when they get into bonded warehouses, subsequently they are withdrawn for consumption? A. Yes, sir.

Q. Now, does that include direct imports for consumption and withdrawn from warehouse? A. Well, once they pass out of warehouse they would go into consumption. - I think that so.

Q. Well, are you sure? A. How can I be sure? I certainly do not know. I didn't know of anything other than these were all the goods going into consumption.

Q. You have the figures, and it makes a difference if you have only got the figures of the direct imports. A. I don't think there is any possibility of these figures being left out.

BY THE COURT CLERK: Q. You mean that come out of bond they pay the duty? A. Yes.

BY MR. KELLOCK: Q. Well, you are sure of that? A. Reasonably sure. I can verify it. I have to get some information on this later on.

Q. All right. Then with regard to Exhibit 526, where you are giving the comparative percentages, in connection with this illustration as between the United States and the Canadian Manufacturers, that percentage would vary in accordance with the article that was under consideration? A. Oh, yes, that varies.

Q. In every case? A. In every case, yes.

Q. Then do you know, Mr. Hopper, in connection with your investigations in the United States, whether or not there is any move in the United States looking toward the putting on of something that corresponds to our currency dump, in connection with countries having depreciated currency? A. No.

Q. You have not heard of that at all? A. No.

Q. Well, I have in my hand an extract which indicates that in the Congress which was just dissolved there was an anti-dumping Bill introduced by Congressman Dow. W. Harter, of Akron, Ohio; it provides for a special dumping duty in addition to the regular tariffs imposed by law to take care of the difference between the costs of goods in the two countries.

THE COMMISSIONER: That is something on the cost?

THE WITNESS: Yes.

BY MR. KELLOCK: Q. Had you heard of that?

MR. KELLOCK: Q. Well, you are sure of that?

A. Reasonably sure. I can verify it. I have to get some information on this later on.

Q. All right. Then with regard to Exhibit 320, where you are giving the comparative percentages, in connection with this illustration as between the United States and the Canadian manufacturers, that percentage would vary in accordance with the article that was under consideration? A. Oh, yes, that varies.

Q. In every case? A. In every case, yes.

Q. Then do you know, Mr. Hooper, in connection with your investigations in the United States, whether or not there is any move in the United States looking toward the putting on of something that corresponds to our currency dump, in connection with countries having depreciated currency? A. No.

Q. You have not heard of that at all? A. No.

Q. Well, I have in my hand an extract which indicates that in the Congress which was just dissolved there was an anti-dumping bill introduced by Congressman Dow. Q. Harter, of Akron, Ohio; it provides for a special dumping duty in addition to the regular tariffs imposed by law to take care of the difference between the costs of goods in the two countries.

MR. CONNOLLY: That is something on the cost?

THE WITNESS: Yes.

MR. KELLOCK: Q. Had you heard of that?

A. Well, that is a different thing; there is also provision for cost of production in the Customs Law. I don't know exactly what that would mean.

Q. You say this is already taken care of?

A. No, no, I did not say that. I say there is something similar to that.

THE COMMISSIONER: This is something to equalize cost of production?

MR. KELLOCK: No, my lord, not cost of production.

THE COMMISSIONER: What then? A

MR. KELLOCK: To take care of the difference between the cost of goods in the two countries. Here is what it says, my lord. This is a paragraph taken from "Notion and Novelty Review", May, 1936. It says:

"The new Anti-Dumping Bill recently introduced in Congress by Congressman Dow. W. Harter, of Akron Ohio, would remedy this menace--"

THE COMMISSIONER: What menace?

MR. KELLOCK: I will read it, my lord. It says:

"The United States Tariff Commission in a recent statement on 1936 developments in the foreign trade of Japan says as follows:

Even taking into account the grades of some goods imported from Japan, they still seem to have been sold at extremely low prices. As a result the Japanese imports may have caused somewhat more disturbance of the markets in this country than might have been expected from the quantities

[illegible]

Q. Well, that is differentiating; that is the provision for cost of production in the Customs Law. I don't know exactly what that would mean.

Q. You say this is already taken care of?

A. Yes, yes, I do not see that. I may have in something similar to that.

Q. Does [illegible] this is concerned to equalize cost of production?

MR. KELLOCK: No, my lord, not cost of production.

THE COMMISSIONER: What then?

MR. KELLOCK: To take care of the difference between the cost of goods in the two countries. Here is what it says, my lord. This is a paragraph under Law [illegible], [illegible], [illegible] [illegible].

The new anti-dumping Bill recently introduced in Congress by Congressman Hon. [illegible], of Ohio, [illegible] [illegible]

MR. KELLOCK: I will read it, my lord. It says:

"The United States Tariff Commission in a recent statement on 1930 developments in the foreign trade of Japan says as follows:

Even taking into account the grades of some goods imported from Japan, they still seem to have been sold at extremely low prices. As a result of [illegible] these imports may have caused economic [illegible] of the [illegible] in that country

imp rted. The very low prices of some Japanese goods have been especially conspicuous in the last few years.

Among the articles imported which are of particular interest to the Notion Trade may be mentioned the following: Cellophane, Cotton Cloth, Cotton Gloves, Needles in cases or books, Paper Boxes, Rayon Yarn fabrics, Ribbon Fly-Catchers, Yarn Dyed all Silk Fabrics, Twist and Thumb Tacks.

Our imports of bleached cotton cloth from Japan grew from 38,000 square yards in 1932 to 38,042,000 in 1935. Remember that the Japanese cotton weaver earns only $1¼ per day.

As over against this enormous increase of imported manufactured cotton goods, our sales of raw cotton to Japan declined in 1935 over 1934 by 3.4%.

Japan rates as our third best customer, having purchased $203,260,000 of United States goods in 1935 as against $151,396,000 she sold to us. Naturally our exports to Japan consist of heavy durable goods from the machinery, automobile and copper industries, in addition to very large exports of leaf tobacco, gasoline, lubricating oil and crude petroleum.

In other words, we are supplying vital material to keep Japan's industrial plants operating while she with her cheap labour is

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ing, etc.. The very low prices of some Japanese goods have particularly complained to the Lancashire people.

Among the articles imported which are of a particular interest to the Cotton trade may be mentioned the following: Calicoes, Cotton Cloth, Cotton Gloves, Hosiery in cases or boxes, Yoger Hosie, Upper Yarn Fraction, Ribbon Fly-catchers, Yarn Dyed all silk Fraction, Twist and Sewing Thread.

Our imports of Bleached cotton cloth from Japan grew from 3,000 square yards in 1932 to 4,000,000 in 1933. Remember that the Japanese cotton never earns only 2½ per day.

As over a model this enormous increase of imported manufactured cotton goods, our ratio of raw cotton to Japan declined in 1933 over 1932 by 1.4%.

Japan rates as our third best customer, ranking immediately [illegible], and of [illegible] goods in 1933 as against $181,880,000 we sold to us. Naturally our exports to Japan consist of heavy durable goods from the machinery, chemicals and copper industries, in addition to very large exports of leaf tobacco, gasoline, lubricating oil and [illegible].

In other words, it is the production which provided in some degree financial [illegible] which we have been [illegible]

manufacturing goods to overwhelm our markets."

THE COMMISSIONER: It says, "cheap labour"; it has nothing to do with currency. What is the date of it, Mr. Kellock?

MR. KELLOCK: May, 1936.

THE COMMISSIONER: You see, the President deals with that in that proclamation, the very thing you say there, cost of production. I had forgotten the date of this proclamation.

THE WITNESS: 21st of May, my lord.

MR. KELLOCK: This, apparently, my lord, was a bill which was before congress, and which did not go through.

THE COMMISSIONER: The president issued a proclamation under the powers he already had, giving that as the very reason - the cost of production in a few countries; his proclamation said it was t equalize them. But what you have just read has nothing whatever to do with currency.

MR. KELLOCK: No, my lord. We were under the impression it related to currency. Apparently it does not.

THE COMMISSIONER: No, it does not.

BY MR. KELLOCK: Q. Well then, Mr. Hooper, I want to refer tyou to Exhibit 531 for a moment, That has to do with the importations of artificial silk fabrics into Canada from Japan during the months of April and May, 1936? Now, you had previously

given Exhibit 127, which covered the same thing, for the period January, and February, up to the 26th of March, 1936? A. No, to the end of March.

Q. No, I am looking at Exhibit 127, Mr.Hooper. A. Yes, but there were no imports--

THE COMMISSIONER: Pardon me a moment, what exhibit are you referring to?

MR. KELLOCK: Exhibit 127, my lord. The important point is, that Exhibit 127 carries it down only to the 26th of March, and Exhibit 531 starts in on the 1st of April so apparently there was a hiatus there.

THE WITNESS: No, all the invoices went in there, Mr. Kellock. If you look, you will find, - take the 24th of April, there is an example. No shipments, no importations between the 24th of April and the 5th of May.

Q. Well, all I wanted to clear about is, that in Exhibit 127 and Exhibit 531, you have all the importations down to the end of May, 1936? A. Yes.

Q. All right. Then will you look at those two exhibits, and will you tell his lordship whether that particular--

THE COMMISSIONER: Is this something new, Mr. Kellock?

MR. KELLOCK: Yes, my lord.

Q. Where does the particular fabric I hold in my hand appear? A. I don't know.

Q. Well, you have---

Exhibit 147, which stopped the same date, for the period January, and February, up to the end of March, 1956? A. No, to the end of March.

Q. No, I am looking at Exhibit 147, Mr. Cooper.

A. Yes, but there were no imports--

MR. COOPER: Maybe we a moment, what exhibit are you referring to?

MR. KELLOCK: Exhibit 147, my Lord. The important point is, that Exhibit 147 carries it down only to the 28th of March, and Exhibit 387 carries it on the 1st of April so arguably there was a hiatus there.

THE CHAIRMAN: No, all the invoices went in then, Mr. Kellock. If you look, you will find, - take the 28th of April, there is an example. No shipments, no importations between the 28th of April and the 30th of May.

Q. Well, all I wanted to clear about is, that in Exhibit 147 and Exhibit 387, you have all the importations down to the end of May, 1956? A. Yes.

Q. All right. Then will you look at those two exhibits, and will you tell his Lordship whether that particular--

THE COMMISSIONER: Is this something new, Mr. Kellock?

MR. KELLOCK: Yes, my Lord.

Q. Where does the particular table I hold in my hand account? A. I don't know.

Q. Well, you say--

THE COMMISSIONER: Mr. Hooper says he does not know the origin of this sample.

BY MR. KELLOCK: Q. Well, it is right on it. It was purchased in Toronto, Mr. Hooper. A. From Eaton's.

Q. Yes. What is the date of the purchase, Mr. Berry?

MR. BERRY: I am not sure, Mr. Kellock. It is not marked on this list.

THE COMMISSIONER: Well, is it recent?

MR. BERRY: Oh yes, within the last few days.

THE COMMISSIONER: Can Mr. Berry give you the information?

MR. KELLOCK: I just want to classify it, my lord. The Witness has put in this table showing the classification of those artificial silk fabrics, and I wanted to ask him where he would classify this particular sample.

THE COMMISSIONER: What table do you refer to, Mr. Kellock?

MR. KELLOCK: I am looking at Exhibit 127 and 531, my lord.

THE COMMISSIONER: Well, what is the situation?

THE WITNESS: He istrying to identify it on this statement of mine.

BY MR. KELLOCK: Q. Well, how have you made up your classification on Exhibit 531? A. From the description shown on the Customs Invoice.

THE COMMISSIONER: Mr. Hooper says he does not know the origin of this sample.

BY Mr. KELLOCK: Q. Well, it is right on it. It was purchased in Toronto, Mr. Hooper. A. From Eaton's.

Q. Yes. What is the date of the purchase, Mr. Henry?

Mr. HENRY: I am not sure, Mr. Kellock. It is not marked on this list.

THE COMMISSIONER: Well, is it recent?

Mr. HENRY: Oh yes, within the last few days.

THE COMMISSIONER: Very well, you may [illegible] secondary.

Mr. KELLOCK: I just want to identify it, my lord. The witness has put in this table showing the classification of various articles sold [illegible], and I wanted to ask him where he would classify this particular sample.

THE COMMISSIONER: What table do you refer to, Mr. Kellock?

Mr. KELLOCK: I am looking at exhibit 187 and 321, my lord.

THE COMMISSIONER: Well, what is the situation?

THE WITNESS: He is trying to identify it on this statement of mine.

BY Mr. KELLOCK: Q. Well, how have you made up your classification of exhibit 187? A. From the descriptive [illegible] in the [illegible] Dec. 24.

Q. Mr . Hooper, would that be a Georgette Crepe that you have in your hand? A. Not in my estimation, Mr. Kellock.

Q. What would you call it? A. What would I call it?

Q. Yes, what kind of material would you call it? Can you identify it? It is a dress material, is it not, Mr. Hooper? A. Yes. You say you just bought this a day or two ago. It may have come in since the 1st of June, or it is possible it came in a year or so ago.

Q. I see. It might not have come in during the period covered by those exhibits? A. That is right, you cannot tell.

THE COMMISSIONER: Does that mean you cannot do anything with it?

MR. KELLOCK: The Witness cannot classify it, my lord.

THE COMMISSIONER: I mean, it is going to read peculiar in the evidence, Mr. Kellock.

MR. KELLOCK: I can put it in, if your lordship pleases, and the Reporter can say, it is a piece of fabric shown to the witness, and he cannot identify it.

My lord, Mr. Berry, has asked me to call your lordship's attention - I do not know that it is the correct way to do it in cross-examination of this witness - to an article which appears in the Journal

Q. Mr. Hooper, would that be a favorable crops that you have in your hands? A. Not in my estimation, Mr. Hallock.

Q. What would you call it? A. What would I call it?

Q. Yes, what kind of material would you call it? Does you liberally it? It is a dense material, is it not, Mr. Hooper? A. Yes. You say you just bought this a day or two ago. It may have come in since the list of 1920, or it is possible it came in a year or so ago.

Q. I see. It might not have come in during the period covered by those receipts? A. That is right, Mr. Hooper, yes.

THE COURT: Does that mean you cannot do anything with it?

MR. HALLOCK: The witness can or clearly is, my lord.

THE COURT: I see, it is going to read peculiar in the evidence, Mr. Hallock.

MR. HALLOCK: I can put it in, if your Lordship pleases, and the reporter can say, it is a piece of Fabric. [illegible] it.

My lord, Mr. Henry, has asked me to call your Lordship's attention - I do not know that it is the [illegible] - in an action which [illegible] to the [illegible]

of Commerce, 25th May, 1936, with regard to the changes in these cotton duties that my friend has just been dealing with.

THE COMMISSIONER: What paper did you say?

MR. KELLOCK: The Journal of Commerce, my lord.

THE COMMISSIONER: Of New York?

MR. KELLOCK: Journal of Commerce, New York, my lord. It is headed:

"Trade Views and Trends, Tariff Change called ineffective as Trade seeks Quota, - Reprisal Threats unlikely to be Carried Out - Export Problem Remains."

"There seemed but little doubt in the minds of merchants or mill executives here at the week-end that the increased tariff schedules on certain kinds of cotton cloths, which had as their avowed object the stemming of the flow of Japanese fabrics to this country, will result in no substantial reduction in those imports, and that in fact Japanese shipments here may continue to increase. Aside from the views of domestic producers and merchants, it is significant that the attempt to restrict Japanese sales here by way of increases in duty is also considered an ineffectual method by the head of one of the largest spinners in Japan. The statement by Shingo Tsuda, president of the Kanegafuchi Spinning Co., reprinted in this newspaper yesterday, bears this out. Mr. Tsuda

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MR. KELLOCK: The Journal of Commerce, my lord.

THE COMMISSIONER: Of New York?

MR. KELLOCK: Journal of Commerce, New York, my lord.

It is headed:

"Trade Views and Trends, Tariff Changes called Ineffective as Trade seeks Quota, - Reciprocal Increase unlikely to be Carried out - Export Problems Continue."

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"There seemed but little doubt in the minds of merchants or mill executives here at the week-end that the increased tariff schedules on various kinds of cotton cloths, which had as their avowed object the slowing of the flow of Japanese fabrics to this country, will result in no substantial reduction in these imports, and that as long Japanese shipments here may continue to increase. Aside from the views of domestic producers and merchants, it is significant that the attempt to restrict Japanese sales here by way of increases in duty is also considered an ineffectual method by the head of one of the largest spinners in Japan. The statement by Shingo Tsuda, president of the Kanegafuchi Spinning Co., reputed in this country yesterday, does not set at

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said, among other things, that 'Even if nations raise their import duties to such high levels as 70 to 80 per cent. ad valorem against Japanese goods, fear is unnecessary,' and that 'even limitless increases in tariff rates will be utterly ineffective.'

MR. McRUER: Well, they are still putting them lower than ours when they get up to the 70 and 80's. We have done better than that.

MR. KELLOCK: That is the substance of it, my lord. That is all.

MR. McRUER: I think that is all the evidence I have to offer at this stage, my lord.

THE COMMISSIONER: Well, Mr. Kellock, have you finished?

MR. KELLOCK: That is all the witnesses I have, my lord. My friend is going to call Mr. Fisher but I understand he is not going to do that until Toronto.

MR. McRUER: My lord, it is not late yet. I think I would like to ask Mr. Dodd a question or two.

THE COMMISSIONER: About what?

MR. McRUER: About his conversation with Mr. Howard, my lord.

THE COMMISSIONER: Very well.

JOHN G. DODD, Sworn,

EXAMINED BY MR. McRUER:

Q. Mr. Dodd, you are head of the selling department in the Dominion Textile Company, Limited? A. Yes, sir.

said, among other things, that 'even if nations raise their import duties to such high levels as 70 to 80 per cent. ad valorem against Japanese goods, four is unnecessary,' and that 'even limited increases in tariff rates will be utterly ineffective.'

Mr. Hooper: Well, they are still putting them higher than ours when they get up to the 70 and 80's. We have done better than that.

Mr. Hanson: That is the substance of it, my lord. That is all.

Mr. Collins: I think that is all the evidence I have to offer at this stage, my lord.

[illegible] friendly?

Mr. Mullock: That is all the witness I have, my lord. My friend is going to call Mr. Glover but I understand he is not going to do that until Tuesday.

Mr. Hooper: My lord, it is not late yet. I think I would like to ask Mr. Hood a question or two.

Mr. Mullock: About his conversation with Mr. Howard, my lord.

[illegible]

[illegible]

Examination - Hooper.

Mr. Hooper, you may [illegible] in writing [illegible] in the Dominion Textile company, Limited? - Yes, sir.

Q. You were present at Ottawa at the Conference with the Ministers, were you, on January 14th?

A. Yes, sir.

THE COMMISSIONER: Pardon me, I did not quite catch Mr. Dodd's occupation?

Mr. McRUER: Head of the selling department of the Dominion Textile Company Limited, my lord.

Q. And apparently you were invited by the Ministers to work out some formula that might be applied in regard to a fixed valuation with respect to these rayon fabrics?

THE COMMISSIONER: When was that?

MR. McRUER: At the meeting on January 14th, my lord.

THE COMMISSIONER: All right.

THE WITNESS: Well, there was a suggestion made to that effect.

BY MR. McRUER: Q. You say there was a suggestion made to that effect, and, as a result of that, you and Mr. Dawson had some conferences on it? A. No, Mr. Tolmie of the Canadian Cottons.

Q. Well, Mr. Tolmie rather, and you, had had some conferences on it and were working out a formula?

A. That conference was along with some others.

Q. Who were the others that were present? A. Mr. Gordon was present, and Mr. Gordon Cooper was there at times.

Q. Yes, and where did this take place? A. In the Dominion Textile Company's office.

Q. You were present at Guelph at the Conference with the Ministers, were you, on January 16th?

A. Yes, sir.

THE CHAIRMAN: Pardon me, I did not quite catch the month-January

MR. MORROW: Head of the selling department of the Dominion Textile Company Limited, by Lord, and apparently you were invited by the Ministers to work out some formula that might be applied in regard to a fixed valuation with respect to these rayon textiles?

THE COMMISSIONER: When was that?

MR. MORROW: At the meeting on January 16th, by Lord.

THE COMMISSIONER: All right.

THE WITNESS: Well, there was a suggestion made to that effect.

BY MR. MORROW: Q. You say there was a suggestion made to that effect, and, as a result of that, you and Mr. Lemon had some conferences on it?

A. Colonie of the Canadian Customs.

Q. Well, Mr. Colonie rather, and you, had had some conferences on it and were working out a formula?

A. That conference was along with some others.

Q. Who were those others that were present? A. Mr. Jordan was present, and Mr. Gordon Donner was there at times.

Q. Yes, and where did this take place? A. In the Canadian Textile Company's office.

Q. Yes, and then Mr. Dawson wrote a letter to Mr. Hallam, apparently, with the result? A. Well, I would say, Mr. McRuer, that it was entirely independent. Mr. Dawson's letter was entirely independent of the conversation that Mr. Tolmie or others had in connection with their visit to Ottawa.

BY THE COMMISSIONER: Q. Whose letter was entirely independent of the visit to Ottawa? A. I say, I believe that the letter written by Mr. Dawson does not--- I don't have any recollection of ever seeing it, but I believe it must have been written independent of any conversation which either of us had in connection with our visit to Ottawa.

THE COMMISSIONER: What is the letter, Mr. McRuer?

MR. McRUER: It is a letter from Mr. Tolmie to Mr. Hallam, Exhibit 490.

THE WITNESS: Who is that from, Mr. Tolmie?

MR. McRUER: I made a mistake.

THE WITNESS: From Mr. Tolmie. Well, that is quite right. I thought you said Mr. Dawson.

BY MR. McRUER: Q. As far as Mr. Tolmie is concerned, it apparently was the result of your figuring? A. Yes, quite right.

Q. Now, Mr. Gordon knew about this? A. Yes.

Q. And this letter is dated the 16th of January. A. The 16th January, let me get that, please.

Q. That is the date of the letter? A. I want to get my memory on that. That is the 16th of

[illegible]

[illegible] Mr. [illegible], I [illegible] Mr. [illegible], that is entirely [illegible] Mr. Hanson's letter was entirely independent of the [illegible] that Mr. [illegible] or others had in [illegible] which could visit to [illegible].

Mr. [illegible]: Those letters was entirely independent of the visit to Ottawa [illegible]. I do, I believe that the letter written by Mr. Hanson does not [illegible] Mr. [illegible] knowledge of what was in, and I believe it must have been either independent of any [illegible] which [illegible] or [illegible] in [illegible] which [illegible] to [illegible].

Mr. [illegible]: [illegible] the letter, Mr. [illegible].

Mr. [illegible]: It is a letter from Mr. [illegible] to Mr. [illegible], [illegible].

Mr. [illegible]: Who is that from, Mr. [illegible]?

Mr. [illegible]: [illegible].

[illegible]: From Mr. [illegible]. Well, that is [illegible]. I [illegible] Mr. [illegible].

Mr. Mr. [illegible]: Q. Is Mr. Mr. [illegible] [illegible], it [illegible] [illegible] Mr. [illegible] [illegible].

[illegible]

[illegible]

[illegible]

January; that was two days after we had been in Ottawa.

Q. Yes? A. On the 14th.

Q. Yes? A. And Mr. Gordon left Montreal, if I remember correctly, on the night of the 16th of January.

Q. Yes, that must have been after you had your figuring done? A. We had discussed those figures between us, but whether Mr. Gordon at that date knew I am not prepared to say; but later on he did know.

Q. At any rate, what I am getting at is, that in view of the fact that the Ministers had evidently invited you to make this formula that you are making out, and Mr. Gordon knew you were making it, yet Mr. Gordon apparently went ahead and closed a mill. A. Well, if my memory is quite clear, I don't think the Ministers invited us to do so,- it was ~~their~~ our own suggestion.

Q. Well, Mr. Dawson told us that Mr. Tolmie told him that they had been invited to submit those figures. A. Well, that may be a matter of one of surdifferences as to what did occur on that date, but I think it was quite clear that we could submit --

Q. All right, put it your own way? A. Well, I think it was made quite clear that we could submit the figures, if we thought it was worth while to do so, but in the face of that declaration--

Q. Don't get into --

MR. HEWARD: Let the witness finish, please.

dance (?); that was two days after we had been in Ottawa.

. Just? A. On the 14th.

. Just ... Let Mr. Vaughan be the witness. If I remember correctly, on the night of the 14th of January.

. Yes, that must have been after you had finished dancing? A. We had circulated those figures before us, but without Mr. Vaughan it that date was I am not prepared to say; but I know on the 14th there.

. At any rate, when I was giving it to, then in view of the fact that the magistrate had evidently invited you to make that formal note that you are making only, was Mr. Bastedo there when you made it, yes? A. Yes, apparently we t around and closed a call. A. Well, if my memory is right of course, I don't think the stenographer started to do so.- it was simply an informal.

. Well, Mr. Brydie said on that Mr. Tobin had also that they had been invited to submit those figures. A. Well, that may be a matter of use of course because to that did occur on that date, but I think it was quite clear that we could say --

. All right, put it your own way? A. Well, I think it was quite clear that we could submit the figures, if we thought it was proper to do so.

. Will's it time --

. Yes, Mr. Bastedo, I'll be glad to.

BY MR. McRUER: Q. I want to know what you were doing about it? A. Well, we were hoping that these figures would be acceptable but we hadn't very much hope that they would be.

Q. For whom are you speaking? A. Well, I am speaking for myself. At any rate it appeared --

Q. Why do you say you did not have a hope that they would be acceptable? A. Because when we were with the Ministers, Mr. Euler distinctly said that as we have only made this duty on the 1st of January I don't see how it is possible for us on the 15th of January to make such a drastic change back again.

Q. You know that they had the right to put on a fixed valuation if they wanted to? A. Well, frankly they did not give us the impression that they would do so.

Q. Still, you knew they had the right to do it? A. I suppose they had the right to do it if they wished to, but they did not leave the impression with us that they wished to do so.

Q. Mr. Dawson has told us what Mr. Tolmie told him, but we have not yet had the benefit of Mr. Tolmie's evidence. You see, there is quite a difference in what Mr. Dawson told us and what you are saying as to having no hope? A. Well, I have not talked with Mr. Dawson, only in generalities.

Q. You heard his evidence? A. No, I was not here, sir.

Q. Do you know. I want to know what you were doing about it? A. Well, we were hoping that some Germans would be accountable but we didn't very much care what they would do.

Q. You were not very anxious? A. Well, I was [illegible] — Q. Why do you say you did not care a hoop on a [illegible] Q. Because seem to [illegible] so as more may have this [illegible] on the list of Germany I don't see how it is possible for us to use lists of Germany to make such a drastic change [illegible].

A. You know, they [illegible] to [illegible] Germans [illegible] will give to the Japanese that they would do so.

Q. Well, you know they are the right to do it? A. I suppose they [illegible] to do it may [illegible], but they did not have the Japanese [illegible] to do so.

Q. Mr. Brown you told us that Mr. Mills told him, but I have not yet had the benefit of Mr. Taylor's evidence. You see, he is a [illegible] witness in this [illegible] Mr. Mills, I [illegible] Q. [illegible] only in general [illegible].

A. [illegible] Q. I was not here, [illegible].

Q. At any rate, you saw Mr. Howard. A. I did.

Q. Well, tell us what took place between you and Mr. Howard? A. I saw Mr. Howard in my office as the result of a telephone conversation between he and I in Toronto. There was no discussion over the telephone. Mr. Howard came into my office, I think on Teusday, - I am not sure of the date, about a week later than our visit to Ottawa at any rate. We never discussed the closing of the mill. The closing of the mill was not an action of mine, it had nothing to do with me whatever, and I simply told him the conditions and our situation at the mill, where our production had grown, so that in view of the threat, on certain lines, of Japanese goods, and which did not affect the Sherbrooke plant at the time- I am just trying to give you---

Q. Now, be careful. Are you telling us what you told Mr. Howard because Mr. Howard says what you told him was that you were closing the mill down on account of the competition you were receiving from Japan, the severe competition you were receiving from Japan on certain goods being made at Sherbrooke? A. Well, Mr. Howard is wrong there, sir.

BY THE COMMISSIONER: Q. Pardon me. You say Mr. Howard is wrong?

BY MR. McRUER: Wrong in his evidence? A. In mentioning the fact that I told him that these were competing with goods that were made at Sherbrooke.

Q. At any rate, you saw Mr. Howard. A. I did.

Q. Well, tell us what took place between you and Mr. Howard? A. I saw Mr. Howard in my office as the result of a telephone conversation between me and I in Lorado. There was no discussion over the telephone. Mr. Howard came into my office, I think on Tuesday, - I am not sure of the date, about a week later than our visit to Ottawa at any rate. We never discussed the closing of the mill. The closing of the mill was not an action of mine, it had nothing to do with me whatever, and I simply told him the conditions and our situation at the mill, where our production was grown, so that in view of the threat, on certain lines, of Japanese goods, and which did not affect the Dominion client at the time-- I am just trying to give you---

Q. Now, be careful. Are you telling us what I am told Mr. Howard because Mr. Howard says what you told him was that you were closing the mill down on account of the competition you were receiving from Japan, the severe competition you were receiving from Japan on certain goods being made at Montreal? A. Well, Mr. Howard is strong there, sir.

BY THE COMMISSIONER: Q. Pardon me. You say Mr. Howard is strong?

BY MR. MOTHAM: Wrong in his evidence? A. In mentioning the fact that I told him that these were competing with goods that were made at Montreal.

Mr. Howard is not acquainted with the different lines of stuff we make.

BY MR. McRUER: Q. You don't know what he was acquainted with. Don't speak for other people, speak for yourself, Mr. Dodd. A. Of course, it is quite obvious that he could not be, Mr. McRuer.

Q. He may know very well what you made down there. A. At any rate, I will speak for myself now. I did not tell Mr. Howard that the goods that were threatening from Japan were goods similar to what we were making at Sherbrooke.

Q. Look, Mr. Howard said you told him it was on account of the severe competition you were receiving from Japan. Did you ell him that? A. I told him to this extent, that we already had severe competition from Japan on certain lines of goods and--

Q. Listen, Mr. Dodd, --

MR. HEWARD: Let him finish, please.

THE WITNESS: And then I think I said that we were suffering severe competition in our market on some of the goods that we were making, which made it necessary for us in the near future--

7 Q. You swear that you told Mr. Howard that? A. Well, I swear those were as near as possible the words I spoke to Mr. Howard.

Q. Will you swear you told him you were receiving severe competition from Japan on certain goods? A. Yes, I did.

Mr. Howard is not acquainted with the difficult lot a of duty to make.

MR. ROBERTS: I, too don't want to make [illegible] for yourself, Mr. Wood. Mr. Of course, is in [illegible] to be [illegible] it, Mr. Roberts.

. He may have very well seen you made down there. At any rate, I will speak for myself now. I did not tell Mr. Howard that the people that have [illegible] from Japan were [illegible] to work on [illegible] making, at Vancouver.

. Look, Mr. Howard said you told him it was on account of the severe competition you were [illegible] from Japan. Did you tell him that? . I told him to this extent, that we might not [illegible] from Japan on certain lines of [illegible]--

. Listen, Mr. Wood, --

Mr. ROBERTS: Let him finish, Jones.

THE WITNESS: Let them I think I can [illegible] to a [illegible] severe competition in our market on some of the goods that we do [illegible], which may be necessary for us in the near future--

. [illegible] Mr. Howard [illegible]

. Well, I meant those words as near as possible the words I spoke to Mr. Howard.

. Did you mean you told him you was really severe competition from Japan on certain goods?

. Yes, I did.

Q. And was it true? A. It was true.

Q. Was it a truthful statement to say, that you were receiving severe competition on goods from Japan? A. I would say Yes, it is a true statement.

Q. And you have heard the evidence of all the competition, even up to date, and will you say you are receiving severe competition? A. In comparison with what we are making at the Montreal Cotton Mills I would say, Yes.

Q. Will you say that to-day you are receiving severe competition from Japan? A. On those particular lines, yes.

. Well, getting down to particular lines? A. We have a great many.

Q. Why, the thole thing does not amount to a hill of beans, Mr. Dodd, to be truthful. A. Up until now it has not been amounting to a great deal.

Q. All right then; we get down to this, that up until now it has not amounted to a great deal, yet you are telling Mr. Howard you were receiving severe competition from Japan last January? A. Severe competition on lines we were producing at the Valleyfield and Montreal Cotton Mills, yes.

Q. Have you got down to specifying a couple of lines that you were receiving competition on, is that what you got down to? A. I showed Mr. Howard the lines which we were then on in the Montreal Cotto Mills, and that were being offered from Japan.

Q. And was it true? A. It was true.

Q. Was it a truthful statement to say, that you were receiving severe competition on goods from Japan? A. I would say Yes, it is a true statement.

Q. And you have heard the evidence of all the competition, even up to date, are will you say you are receiving severe competition? A. In comparison with what we are meeting at the Montreal Cotton Mills I would say, Yes.

Q. Will you say that to-day you are receiving severe competition from Japan? A. On those particular lines, yes.

Q. Well, getting down to particular lines?

A. We have a great many.

Q. Now, the whole thing does not amount to a bill of beans, Mr. Lord, to be truthful. A. My until now it has not been amounting to a great deal.

Q. All right then; we get down to this, that up until now it has not amounted to a great deal, yet you are telling Mr. Howard you were receiving severe competition from Japan last January?

A. Severe competition on lines we were producing at the Valleyfield and Montreal Cotton Mills, yes.

Q. Have you got down to specifying a couple of lines that you were receiving competition on, is that what you got down to? A. I showed Mr. Howard the lines which we were then on in the Montreal Cotton Mills, and that were being entered from Japan.

Q. Well now, even taking it up until now your competition has not been severe from Japan in any case, has it? A. We cannot consider it so on those particular lines.

Q. You just want to have the whole field or nothing? A. No, we don't, we have not the slightest objection to competition.

Q. Because there are a few thousand yards coming in you call it severe competition? A. Well, we do not know just how severe the competition is likely to be.

Q. Well, can you tell me any reason why you should have 33 per cent. more protection on rayon goods in Canada than they have in the United States? A. No, sir, I cannot I cannot answer that.

Q. And can you tell me why you should have about nearly 400 per cent. more protection on cotton goods, in Canada than you have in the United States? A. No, I cannot answer that either.

Q. All right then, thatis all.

CROSS-EXAMINED BY MR. HEWARD:

Q. When you spoke to Mr. Howard you know, I suppose, that offers had been made on certain lines of Japanes rayon? A. Yes.

Q. Did you know the prices at which they had been offered? A. Yes.

Q. Did you know the prices, the cost and the

Q. Well now, even taking it up until now your competition has not been severe from Japan in any case, has it? A. We cannot consider it so at least practically time.

Q. You just want to have the whole field or nothing? A. No, of course, we have not the slightest objection to competition.

Q. Because there are a few thousand yards coming in you call it severe competition? A. Well, we do not know just how severe the competition is likely to be.

Q. Well, can you tell me any reason why you should have 33 per cent. more protection on rayon goods in Canada than they have in the United States?

A. No, sir, I cannot. I cannot answer that.

Q. And can you tell me why you should have about nearly 400 per cent. more protection on cotton goods in Canada than you have in the United States?

A. No, I cannot answer that either.

Q. All right then, that's all.

[illegible]

Q. When you spoke to Mr. Howard you knew, I suppose, that offers had been made on certain lines of Japanese rayon? A. Yes.

Q. Did you know the prices at which they had been offered? A. Yes.

Q. Did you know the prices, the cost and the

construction of the corresponding goods in your Montreal Cotton Mill? A. Yes.

Q. Which were the higher? The Montreal Cottons? A. Yes.

Q. How much higher? A. I would say from 6 to 7 cents a yard. I am saying that purely from memory.

MR. McRUER: A different fabric altogether.

MR. HOWARD: Just let me have the witness, please.

Q. And you knew of that difference in price? A. Yes.

Q. And you knew of these offers? A. Yes.

Q. And that is what you had in mind when you spoke to Mr. Howard? A. Exactly.

Q. You did not know what importations had come in from Japan? A. No.

Q. Did anyone know, that is, anyone in the Dominion Textile's employ? A. Nobody that I know of, at any rate, not till later.

BY MR. McRUER: Q. You had not lost a sale when you were making that statement? A. Well, I would not say that.

Q. You donot know of a sale that you had lost? You are not able to come here to-day and tell us about a single sale that you had lost. Now, my lord, I think that is all.

THE COMMISSIONER: Well, the next sitting of this Commission will be held at a place and on a date to be fixed later, when all those concerned will be notified in due course.

construction of the corresponding goods in your factory, eh? A. Yes.

Q. And were the figures? The M Bread Cottons?

A. Yes.

Q. Your own figures? A. I would say from 6 to 7 cents a yard. I am saying that purely from memory.

MR. MOSS: A different fabric altogether.

MR. [illegible]: Just let me have the witness, please.

Q. And you know of that difference in price?

A. Yes.

Q. Are you known of these offers? A. Yes.

Q. And that is what you had in mind when you spoke to Mr. [illegible]? A. Exactly.

Q. You did not know what inquiries had come in from Mr. [illegible]? A. No.

Q. Did anyone know, that is, anyone in the Dominion Textiles employ? A. Nobody that I know of, at any rate, not till later.

MR. [illegible]: Q. You had not lost a sale when you were saying that sale? A. Well, I would not say that.

Q. You donot know of a sale that you had lost? For you not able to come here Monday and tell us lost a single sale that you had lost. Now, my lord, [illegible] that is all.

MR. [illegible]: Well, the next sitting of this [illegible] will be [illegible] at a place and on a date to be [illegible]. [illegible] will be [illegible].

I may say before we break up - and this is for the benefit of Mr. Kellock and Mr. Heward - that is, you raise this question of Japanese competition, that is one thing; have you any other proposals or views to lay before me, because if you have you are at perfect liberty and welcome to lay them before me. The inquiry, as you all know, is supposed to look to the betterment of the interests of the consuming public, as well as to the employees. But it has also to enquire into the conditions in the industry itself, so if you wish to lay anything before me having regard to the last of these three objects, you will be very welcome.

-- The Commission adjourned at 4.45 P.M. Monday, June 22nd, 1936, sine die.

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